亞洲能源物流

ASIA ENERGY Logistics

亞洲能源物流集團有限公司

ASIA ENERGY LOGISTICS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 351

CARRYING THE WORLD'S FUTURE

2021 ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Pang Yuet *(Chairman)*
Mr. Sun Peng
Mr. Hui Wai (appointed on 7 July 2021)
Ms. Jian Qing (resigned on 1 July 2021)

Independent Non-Executive Directors

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

AUTHORISED REPRESENTATIVES

Mr. Pang Yuet (appointed on 1 July 2021)
Mr. Poon Pok Man Coca (appointed on 28 April 2021)
Ms. Jian Qing (resigned on 1 July 2021)
Mr. Suen To Wai (resigned on 28 April 2021)

COMPANY SECRETARY

Mr. Poon Pok Man Coca, FCPA, ACG, HKACG
(appointed on 28 April 2021)
Mr. Suen To Wai (resigned on 28 April 2021)

AUDIT COMMITTEE

Mr. Ng Kwun Wan *(Chairman)*
Mr. Wong Cheuk Bun
Mr. Hon Ming Sang

REMUNERATION COMMITTEE

Mr. Ng Kwun Wan *(Chairman)*
Mr. Wong Cheuk Bun
Mr. Hon Ming Sang

NOMINATION COMMITTEE

Mr. Pang Yuet *(Chairman)*
Mr. Ng Kwun Wan
Mr. Wong Cheuk Bun

EXECUTIVE COMMITTEE

Mr. Pang Yuet *(Chairman)*
Mr. Sun Peng
Mr. Hui Wai (appointed 7 July 2021)
Ms. Jian Qing (resigned on 1 July 2021)

PRINCIPAL BANKER

CMB Wing Lung Bank Ltd.
OCBC Wing Hang Bank Ltd.
BNP Paribas Hong Kong Branch

AUDITOR

Mazars CPA Limited

SHARE REGISTRAR

Tricor Secretaries Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

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

HONG KONG STOCK EXCHANGE STOCK CODE

351

WEBSITE

https://www.aelg.com.hk

Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the Group was principally engaged in the (i) shipping and logistics business and (ii) telecommunications related business in the PRC.

Continuing Operations

Shipping and Logistics

The Group currently operates a fleet of two dry bulk carriers trading worldwide. The total carrying capacity of the Group's dry bulk fleet is about 64,000 DWT (2020: about 64,000 DWT).

All of the vessels of the Group were under full employment throughout the year under review.

Despite the boom in the Baltic Dry Index ("BDI") in 2021, the Group did not benefit from it as the charter rates for the Group's fleet were fixed. Meanwhile, under the COVID-19 pandemic, countries have implemented strict quarantine measures and the relevant measures led to a substantial increase in crew costs during the crew replacement, including salaries, accommodation and traveling, etc. As a result, a gross loss of approximately HK$5,314,000 was recorded in 2021.

For the year under review, the Group recorded a revenue of approximately HK$46,002,000 (2020: approximately HK$45,651,000), representing an increase of approximately 1% as compared to the corresponding period of 2020. The gross loss was approximately HK$5,314,000 (2020: gross profit of approximately HK$2,471,000), representing a decrease of approximately 315% as compared to the same period of 2020. The decrease in gross profit was due to the increase in the crew costs and the repair and maintenance.

Telecommunications Related Business

The Group completed the acquisition of an SMS business via Beishang Limited from an independent third party at a consideration of HK$10 million in May 2021. For the year under review, the SMS business contributed revenue of approximately HK$18,706,000 and gross profit of approximately HK$1,715,000 to the Group.

Management Discussion and Analysis

Discontinued Operations

The Group had started its shipping business in the PRC in May 2010 through the joint venture company (the "JV Company" and together with its subsidiaries, the "JV Group"). The JV Group had two handysize vessels with carrying capacity of approximately 35,000 DWT each operating in the PRC domestic shipping market.

With regard to the continuous recognition of 50% share of loss of the JV Group since its formation and in the foreseeable future, whilst the Group on its own has been operating its own fleet of vessels and continuing to engage in the shipping and logistics business, the investment in the JV Group no longer served as a viable business opportunity with a profitable prospect for the Group. The Board was of the view that putting the JV Group into liquidation via liquidation of i) Ocean Path Limited ("Ocean Path"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability and ii) Ocean Jade Investments Limited ("Ocean Jade"), a company incorporated in the BVI with limited liability and its equity interest was then 100% held by Ocean Path, which in turn held 50% equity interest in the JV Group, was in the best interests of the Company and its Shareholders as a whole principally because this would enable the Company to reduce its losses in connection with the JV Group whereas the resources and management efforts could be placed on the shipping and logistics business operated by the Group itself. Details of the liquidation of Ocean Jade were set out in the announcement of the Company dated 21 August 2020 (the "JV Liquidation").

Upon the JV Liquidation, the Group had lost control over Ocean Path and Ocean Jade and as a result, the JV Group was derecognised in the consolidated financial statements during the year ended 31 December 2020. The JV Liquidation was then completed in January 2021.

In addition, the Group also disposed of MV Asia Energy to an independent third party at a consideration of US$3,300,000 (equivalent to approximately HK$25,740,000) in January 2021. Accordingly, the result of MV Asia Energy was accounted for as discontinued operation for the years ended 31 December 2021 and 2020.

PROSPECTS

Shipping and Logistics

The management of the Company expects that the shipping and logistics business will generate positive contributions in the upcoming year because the charter contracts of the two vessels will be renewed at the market rate which is expected to be higher than the current rates. The Group has negotiated with the potential charterers in respect of the coming charters of the two vessels since the fourth quarter of 2021. The Company expects that the new charter rate would be significantly increased if the current market conditions could be maintained until the materialization of the new charter contracts.

The Company has also been in the process of identifying potential target vessels, including obtaining lists of potential target vessels from shipbroker, assessing their specification and discussing the related financing with the banks for the acquisition of an additional vessel in order to enhance its carrying capacity.

Management Discussion and Analysis

Telecommunications Related Business

In May 2021, the chatbot "Translation i" developed by the Group was awarded in the 5G Messaging Chatbot Innovation and Development Competition jointly organized by China Unicom and China Telecom. The management expects that "Translation i" will bring positive revenue contributions to the Group upon the commercialization of 5G messaging in the near future, and also enhance its competitive advantage of the basic value-added telecommunications businesses at the same time.

In July 2021, the 5G mobile communication base stations developed by the Group obtained the Radio Transmission Equipment Type Approval Certificates and Network Access Licence issued by the Ministry of Industry and Information Technology of the PRC, and their signal frequency range covers China Mobile, which is mainly used for voice and data communication and provide with wireless coverage, to realize wireless signal transmission between wired communication networks and wireless terminals and support independent networking and other functions. The Group will continue to provide customers with highly competitive communication products with keen market insight, leading technology and comprehensive services to meet the rapidly growing market demand and achieve common development with users.

The directors will continuously look for opportunities to expand its fleet size by acquiring vessels and other suitable investments, which will bring in synergy with and positive contributions to the existing businesses.

FINANCIAL REVIEW

For the year under review, the revenue from continuing operations of the Group was approximately HK$64,708,000 (2020: approximately HK$47,904,000), representing an increase of approximately 35% as compared to 2020. The increase in revenue was mainly contributed by the SMS business which was acquired during the year.

The Group recorded a loss from continuing operations for the year under review of approximately HK$53,440,000 (2020: approximately HK$48,452,000) representing an increase of approximately 10% as compared to 2020. The increase in loss from continuing operations was mainly attributable to (i) the increase in crew costs and staff costs, (ii) the increase in repair and maintenance of the vessels, (iii) the decrease in finance costs and (iv) the absence of change in the fair value of derivative components of the convertible bonds resulting from the repayment of the convertible bonds in July 2020 and the gain on derecognition of a subsidiary. The loss for the year under review of the Group amounted to approximately HK$54,520,000 (2020: a gain of approximately HK$111,222,000), representing a decrease of approximately 149% as compared to 2020 mainly due to a gain of HK$174,347,000 on discontinued operations as a result of the liquidation of certain subsidiaries in 2020.

For the year under review, the basic and diluted loss per Share from continuing operations was HK3.11 cents (2020: HK4.65 cents) whilst the basic and diluted loss per Share from discontinued operations was HK0.06 cents (2020: HK15.33 cents earnings per Share).

Management Discussion and Analysis

Financial assets at fair value through profit or loss (FVPL)

Below is an analysis of the financial assets at FVPL held by the Group as at 31 December 2021:

Name/(Stock code)	Principal businesses	Number of shares held	% of shares held *(note 1)*	Market value	% to the Group's total assets	Unrealised gain/(loss) for the year ended 31 December 2021
			%	HK$'000	%	HK$'000
Value Convergence Holdings Limited (821)	Finance	37,076,000	1.78%	13,347	5.24%	1,446
IBO Technology Company Limited (2708)	IT application	1,044,000	0.19%	2,600	1.02%	(1,403)
Hao Tian International Construction Investment Group Limited (1341)	Machinery and Equipment	28,000,000	0.37%	12,320	4.84%	3,337
				28,267	11.10%	3,380

Note 1 The percentage of shares held is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 December 2021 of the issuers publicly available on the website of the Stock Exchange.

While the performance of different industries did vary, the Group cautiously envisages the investment portfolio and is determined to make any strategic moves. The portfolio was successfully profitable for the year ended 31 December 2021. Despite the relative volatility of capital markets over 2021, the Group is optimistic in its investment portfolio.

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2021, the Group had:

1. Cash and bank balances of approximately HK$53,378,000 (2020: approximately HK$76,754,000);

2. Non-bank borrowings representing convertible bonds having an aggregate carrying amounts of approximately HK$31,637,000 (2020: approximately HK$22,154,000);

3. Total equity attributable to owners of the Company of approximately HK$193,018,000 (2020: approximately HK$246,104,000);

4. Net current assets of approximately HK$69,374,000 (2020: approximately HK$103,346,000);

5. Current ratio (being current assets over current liabilities) of approximately 430% (2020: approximately 1,057%); and

6. Gearing ratio (being total debt divided by total equity) of approximately 28% (2020: approximately 14%).

Share Capital

In 2020, upon the Subscription, the Company i) issued a total of 1,100,000,000 Subscription Shares at a subscription price of HK$0.16 per Subscription Share to the subscriber; ii) issue of convertible bonds in the principal amount of HK$48,000,000 which may be converted into 300,000,000 conversion shares at an initial conversion price of HK$0.16 (subject to adjustments); and iii) all share options outstanding were cancelled off/lapsed.

In addition, in September 2020, upon the completion of a placing exercise, the Company received net proceed of approximately HK$24,133,000 by way of issue of 99,000,000 Shares at a placing price of HK$0.25 per Share.

As at 31 December 2021, there were 1,694,975,244 Shares in issue (2020: 1,694,975,244 Shares).

Capital Commitments

As at 31 December 2021, the Group had no capital commitment (2020: Nil).

Exposure to Fluctuation in Exchange Rates

The Group's assets, liabilities and transactions are mainly denominated either in US dollar, Hong Kong dollar or Renminbi. As the exchange rate of the US dollar to Hong Kong dollar is relatively stable due to the Hong Kong dollar is pegged to the US dollar, the Directors consider that the Group's currency exchange risk is within the acceptable range. Therefore, no hedging devices or other alternatives have been implemented.

FUNDRAISING ACTIVITIES

The Subscription

Upon the completion of the Subscription and the relevant transactions contemplated thereunder on 13 July 2020, i) a total of 1,100,000,000 Subscription Shares at a subscription price of HK$0.16 per Share were issued to Oriental Solar Group Limited with which the Company received a net proceeds of approximately HK$172,930,000; ii) 2020 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 (subject to adjustments) were also issued to Oriental Solar Group Limited.

Placing

In September 2020, upon the completion of a placing exercise, the Company received a net proceed of approximately HK$24,133,000 by way of issue of 99,000,000 Shares at a placing price of HK$0.25 per Share.

Management Discussion and Analysis

Convertible bonds

2019 Convertible Bonds

On 25 June 2019, the Company entered into a placing agreement (the "2019 CB Placing Agreement") with the placing agent, VC Brokerage Limited ("VCB"), pursuant to which, the Company had proposed to offer for subscription, and VCB had agreed to procure not less than six placees to subscribe for the convertible bonds in the aggregate principal amount of HK$60,000,000 for a term of three years (the "2019 CB"), on a best effort basis, on the terms and subject to the conditions as set out in the 2019 CB Placing Agreement (the "2019 CB Placing"). Based on the initial conversion price of HK$0.06 (equivalent to HK$0.30 after Share Consolidation) per conversion Share, a total of 1,000,000,000 conversion Shares (equivalent to 200,000,000 conversion Shares after Share Consolidation) will be allotted and issued upon exercise of the conversion rights in full of the 2019 CB under the specific mandate granted by the Shareholders of the Company in the General Meeting which was held on 15 August 2019, details of the 2019 CB had been disclosed in the announcement dated 25 June 2019 and the circular dated 26 July 2019 of the Company.

In the General Meeting duly held on 15 August 2019, the ordinary resolution approving the 2019 CB Placing under the specific mandate was passed by the Shareholders. Upon the Share Consolidation becoming effective on 19 August 2019, the initial conversion price per conversion Share was adjusted from HK$0.06 to HK$0.30 and the number of conversion Shares to be issued and allotted upon full exercise of the 2019 CB was adjusted from 1,000,000,000 Shares to 200,000,000 Shares.

As the Company and VCB contemplated that further time was required to satisfy or fulfill the conditions precedent to the 2019 CB Placing Agreement, on 13 September 2019, both parties entered into a supplemental agreement to the 2019 CB Placing Agreement to extend the placing period from 15 September 2019 to 4 October 2019 and the long stop date from 30 September 2019 to 31 October 2019, whilst all other terms in the 2019 Placing Agreement remained unchanged.

Having taking into account the progress of the 2019 CB Placing Agreement, on 4 October 2019, the Company and VCB entered into a second supplemental agreement to further extend the placing period from 4 October 2019 to 25 October 2019 and the long stop date from 31 October 2019 to 15 November 2019 so as to allow VCB more time to solicit potential subscribers of the 2019 CB.

On 14 November 2019, the Company announced that the conditions precedent to completion as set out in the 2019 CB Placing Agreement (as amended by the supplemental agreement dated 13 September 2019 and the second supplemental agreement dated 4 October 2019) had been fulfilled and the completion took place on 14 November 2019. A portion of the 2019 CB in an aggregate principal amount of HK$42,500,000 with the conversion price of HK$0.30 per conversion Share had been successfully placed to six placees, who are independent third parties to the Company.

Upon the completion of the subscription and the relevant transactions contemplated thereunder on 13 July 2020, except for a principal amount of HK$500,000, the remaining balance of the 2019 CB was fully settled during the financial year ended 31 December 2020. As at the date of this Annual Report, the outstanding principal amount of the 2019 CB was HK$500,000.

Dilution Effect of the Conversion of the 2019 CB

In case of full conversion by the placees in accordance with the terms of the 2019 CB Placing Agreement (as amended by the supplemental agreement dated 13 September 2019 and the second supplemental agreement dated 4 October 2019) for the issue of the 2019 CB, 1,666,666 Shares (as adjusted as a result of the Share Consolidation), representing approximately 0.10% of the number of total Shares in issue as at 31 December 2021 at the adjusted conversion price of HK$0.30 per conversion Share (as adjusted as a result of the Share Consolidation) will be issued and allotted to the bondholders.

To the best knowledge, information and belief of the Directors, the following table sets out the total number of Shares to be issued upon full conversion of the 2019 CB at the adjusted conversion price of HK$0.30 per conversion Share only.

	As at 31 December 2021		Immediately after full conversion of the 2019 CB at the adjusted conversion price of HK$0.30 per conversion Share	
Shareholders	**Number of Shares**	**Approximate % of Issued Shares**	**Number of Shares**	**Approximate % of Issued Shares**
Substantial Shareholders				
Oriental Solar Group Limited	1,100,000,000	64.90	1,100,000,000	64.83
The bondholder of the 2019 CB	–	–	1,666,666	0.10
Public Shareholders	594,975,244	35.10	594,975,244	35.07
Total	1,694,975,244	100	1,696,641,910	100

Redemption Obligations

According to the terms and conditions of the 2019 CB Placing Agreement (as amended by the supplemental agreement dated 13 September 2019 and the second supplemental agreement dated 4 October 2019), neither the Company nor any bondholders shall have the right to redeem (in the case of the Company) or request for redemption (in the case of the bondholders) as the cases may be in whole or in part of the 2019 CB then outstanding prior to the maturity date, which will fall on the third anniversary date of the issue date of the 2019 CB.

Management Discussion and Analysis

2020 Convertible Bonds

On 8 March 2020, the Company entered into the Subscription Agreement with Oriental Solar Group Limited, pursuant to which the Company agree to issue the 2020 CB for a term of 3 years, on the terms and subject to the condition set out in the Subscription Agreement. Based on the initial conversion price of HK$0.16 per conversion Share, a total of 300,000,000 Shares will be allotted and issued upon exercise of the conversion rights in full of the 2020 CB, under the specific mandate of the Company to be granted by the Shareholders at a general meeting of the Company.

At the Company's general meeting held on 9 July 2020, an ordinary resolution approving the Subscription Agreement and the grant of the specific mandate was duly passed by the Shareholders thereat.

On 13 July 2020, the Company announced that all the conditions precedent to the Subscription Agreement have been fulfilled and the closing took place on 13 July 2020. As at the date of this Annual Report, the outstanding principal amount of the 2020 CB was HK$48,000,000.

Dilution Effect of the Conversion of the 2020 CB

In case of full conversion by the bondholder in accordance with the terms of the Subscription Agreement for the issue of the 2020 CB, 300,000,000 Shares representing approximately 17.70% of the number of total Shares in issue as at 31 December 2021 at the initial conversion price of HK$0.16 per conversion Share will be issued and allotted to the bondholders.

To the best knowledge, information and belief of the Directors, the following table sets out the total number of Shares to be issued upon full conversion of the 2020 CB at the initial conversion price of HK$0.16 per conversion Share only.

Shareholders	As at 31 December 2021 Number of Shares	Approximate % of Issued Shares	Immediately after full conversion of the 2020 CB at the adjusted conversion price of HK$0.16 per conversion Share Number of Shares	Approximate % of Issued Shares
Substantial Shareholders				
Oriental Solar Group Limited	1,100,000,000	64.90	1,400,000,000	70.18
Public Shareholders	594,975,244	35.10	594,975,244	29.82
Total	1,694,975,244	100	1,994,975,244	100

Redemption Obligations

According to the terms and conditions of the Subscription Agreement, the Company can at any time redeem all or part of the principal amount of the 2020 CB which the conversion right is not yet exercised by issuing a notice with not less than 2 business days before the maturity date. However, the bondholder can choose to convert upon receipt of the redemption notice from the Company. The bondholder shall not require the Company to redeem the whole or remaining amount or any part of the principal amount of the 2020 CB before the maturity date.

Analysis on the Share Price

The analysis of the Company's Share price at which it would be equally financially advantageous for the bondholders to convert the 2020 CB based on its implied rate of return at a range of dates in the future is set out below.

Conversion dates for the Analysis	Share Price	Implied rate of return of the bondholder of the 2020 CB
	HK$	
31 December 2022	0.192	8%

Pledge of Assets and Contingent Liabilities

As at 31 December 2021, the financial assets at fair value through profit or loss of HK$28,267,000 (31 December 2020: Nil) was pledged as collateral for a margin facilities of HK$2,244,000 granted by a regulated securities broker.

As at 31 December 2021, the Group did not have any contingent liabilities (2020: Nil).

Management Discussion and Analysis

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

Save for those disclosed above and in the sections headed "Business Review" and "Prospects", there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the year under review.

As at the date of this report, save as disclosed herein, there was no plan authorized by the Board for any material investments or additions of capital assets.

USE OF NEW PROCEEDS

1. As at 31 December 2021, the utilization of the net proceeds amounting to approximately HK$222,000,000 raised from the Subscription is set out below:

Intended Uses	**Allocation**	**Utilization as at 31 December 2020**	**Utilization during the year ended 31 December 2021**	**Remaining Balance**
	HK$ million	HK$ million	HK$ million	HK$ million
Repayment of the GIC CB, the 2018 CB and the 2019 CB	169	169	–	–
General working capital of the Group	20	–	20	–
Further acquisition of vessel or potential business development	33	–	16	17
Total	222	169	36	17

2. As at 31 December 2021, the utilization of the net proceeds amounting to approximately HK$24,000,000 raised from the placing in 2020 is set out below:

Intended Uses	**Allocation**	**Utilization as at 31 December 2020**	**Utilization during the year ended 31 December 2021**	**Remaining Balance**
	HK$ million	HK$ million	HK$ million	HK$ million
Further acquisition of vessel	24	–	–	24
Total	24	–	–	24

The Group is in the process of identifying potential target vessels suitable for its proposed acquisition. However, the price of vessels available for sale in the market has fluctuated as indicated by BDI that which has risen by over 90%, of which the highest point has risen by over 400% since the beginning of 2021.

The Company has been careful in considering the price of available dry bulk vessels in the market, as well as the location of the potential target vessels in the market. The COVID-19 pandemic has also contributed to the time the Company needs in identifying suitable acquisition targets due to the impacts caused to the shipping industry. The impacts include (i) feasibility of vessels inspection, (ii) the closure of ports/borders for crew changes and (iii) the travelling restrictions imposed on vessel crews. The Company has been in close watch of the market conditions, including but not limited to the price of vessels and the available ports for crew changes and the vessel acquisition will only materialise in the best interest of the Company should an acquisition opportunity arises. It is expected that the remaining balance of the above new proceeds would be utilized by 2022.

Being mindful of the unforeseen circumstances and the market changes, the Directors consider that the extension of the expected timeline for full utilization of the above new proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole.

EMPLOYEE

As at 31 December 2021, the Group had 41 (2020: 20) full-time employees in Hong Kong and the PRC.

Staff costs (including Directors' remuneration) of the Group for the year ended 31 December 2021 were approximately HK$24.8 million (2020: HK$15.7 million). The Group decides the remunerations and compensation payable to its staff based on their duties, working experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees. The Group also participated in an approved Mandatory Provident Fund Scheme and the retirement benefit scheme for its Hong Kong and PRC employees respectively.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to environmental protection and sustainable development through the adoption and promotion of green policies in its business operations to increase staff's awareness on environmental protection and energy conservation. Information on the environmental policies and performance of the Group is set out in the section headed "Environmental, Social and Governance Report" on pages 43 to 67 of this Annual Report.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. Pang Yuet ("Mr. Pang")

Mr. Pang, aged 55, was appointed as an the chairman and ED of the Company and the chairman of the Nomination Committee with effect from 14 July 2020. Mr. Pang was later appointed as chairman of the Executive Committee on 30 October 2020. Mr. Pang is a director of Boxin Financial Investment Holdings Limited and Boxin Asset Management Co., Ltd. He graduated from People's Public Security University of China with a bachelor degree and Cheung Kong Graduate School of Business with a MBA degree. Mr. Pang has nearly 20 years of experience in the field of financial investment. Mr. Pang served as the vice general manager and board chairman of Yinhua Fund Management Company Limited from 2001 to 2003 and 2003 to 2012 respectively. From 2012 to 2015, he served as a partner of Boxin (Tianjin) Equity Investment Management Partnership (Limited Partnership). From 2015 to 2019, he served as board chairman of Boxin Fund Management Co., Ltd. (formerly known as Tianjin Boxin Xinyuan Asset Management Co., Ltd.). Mr. Pang has sound experience and strong relationship in financial industry. Mr. Pang is a cousin of Mr. Sun Peng, an ED of the Company.

Mr. Sun Peng ("Mr. Sun")

Mr. Sun, aged 50, was appointed as an ED and member of the Executive Committee and Remuneration Committee of the Company. Mr. Sun later ceased as a member to the Remuneration Committee on 6 November 2020. Mr. Sun received his bachelor degree in arts from Shenyang University in 1994. He starts his career as an instructor in Shenyang Foreign Language School from August 1994 to October 1998. After that, Mr. Sun joined 誠成企業(深圳) 有限公司 (Shingsing Enterprise (Shenzhen) Limited*) as an assistant to the general manager in October 1998. Later on, in May 2002, he was appointed as the deputy general manager of 北京棕櫚泉置業有限公司 (Beijing Palm Springs Properties Company Limited*), where he worked till June 2008 before he joined 北京佳宏科科技發展有限公司 (Beijing Jiahongke Technology Development Limited*) as general manager in July 2008, and in between, during 23 July 2008 and 6 February 2009, Mr. Sun was also an executive director of Richly Field China Development Limited (stock code: 313). Mr. Sun is a cousin of Mr. Pang, the Chairman and ED of the Company.

Mr. Hui Wai ("Mr. Hui")

Mr. Hui, aged 58, was appointed as an ED and member of the Executive Committee. Mr. Hui has over 29 years of accounting experience as well as extensive experience in financial management and corporate administrative matters. During the period from April 2009 to November 2018, Mr. Hui was the chief financial officer of the Company and during the period from November 2018 to December 2019, he was the financial controller of the Company. During his service with the Group, Mr. Hui was primarily responsible for overseeing the Group's financial reporting, internal control, corporate finance and corporate administrative matters.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kwun Wan ("Mr. Ng")

Mr. Ng, aged 59, was appointed as an independent non-executive director ("INED"), the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company with effect from 14 July 2020.

Mr. Ng obtained the Bachelor of Arts in Accounting and Finance from the Manchester Polytechnic in 1988 and the Master of Commerce majoring in Accounting from the University of New South Wales in 1990. He has been an associate member of the Hong Kong Institute of Certified Public Accountants since 1993. Mr. Ng has over 20 years of experience in the management, accounting and finance industry. From November 1994 to August 2004, Mr. Ng worked for New World Development (China) Limited and New World China Enterprises Projects Limited, both wholly owned subsidiaries of New World Development Company Limited (stock code: 17), and his last position held was deputy general manager. From September 2006 to March 2009, he worked as the general manager of industrial operations in the real estate department of Smart Faith Management Limited, a subsidiary of South China Holdings Company Limited (stock code: 413).

Mr. Ng currently acts as independent non-executive director of various listed companies in Hong Kong, including: CT Vision S.L. (International) Holdings Limited (stock code: 994), China Boton Group Company Limited (Stock Code: 3318), Zhongzhi Pharmaceutical Holdings Limited (stock code: 3737) and Sunray Engineering Group Limited (stock code: 8616).

Mr. Wong Cheuk Bun ("Mr. Wong")

Mr. Wong, aged 47, has been an INED and a member of the Audit Committee since 3 July 2017 and member of each of the Remuneration Committee and the Nomination Committee since 24 March 2018. He is a practising certified public accountant and currently an adjunct lecturer specialising in accounting and finance areas in various tertiary institutions in Hong Kong and Mainland China. Mr. Wong received a Master degree of Professional Accounting from the Hong Kong Polytechnic University.

He is currently an associate member of the Hong Kong Institute of Certified Public Accountants, The Chartered Governance Institute and The Hong Kong Chartered Governance Institute and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong has about 20 years of diversified experience in accounting and finance.

Directors' Profile

Mr. Hon Ming Sang ("Mr. Hon")

Mr. Hon, aged 43, was appointed as an INED, a member of each of the Audit Committee and the Remuneration Committee of the Company with effect from 6 November 2020.

Mr. Hon obtained an honor degree of Professional Accountancy in the School of Accountancy from The Chinese University of Hong Kong. He is a CFA charterholder. He is also a member of The Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

Mr. Hon has previously worked in an international audit firm and has over 12 years of working experience in listed companies and financial institutions. He has extensive experience in corporate finance, merger and acquisition, investment and financial management and compliance services.

Mr. Hon is currently an executive director and company secretary of SFund International Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 1367.HK). He also acts as an independent non-executive director of various listed companies of Hong Kong, namely, CEFC Hong Kong Financial Investment Company Limited (stock code: 1520) and Finsoft Financial Investment Holdings Limited (stock code: 8018).

Directors' Report

The Board is pleased to present this Annual Report together with the Consolidated Financial Statements of the Group for the year ended 31 December 2021.

CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

The Company is a public company incorporated in Hong Kong with limited liability. The Company acts as an investment holding company. The principal activities and other particulars of its principal subsidiaries are set out in Note 36 to the Consolidated Financial Statements. The analysis of segment information of the Group during the year is set out in Note 5 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the Group's business and a discussion and analysis of the Group's performance during the year including the material factors underlying its results and financial position and the likely future developments of its business, in accordance with Section 388 of, and Schedule 5 to the Companies Ordinance, is set out in the section headed "Management Discussion and Analysis" ("MD&A") of this Annual Report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Financial Review" included in the MD&A of this Annual Report.

A discussion covers the Group's strategic approach to sustainability and performance in environmental and social aspects of its business, environmental key performance indicators as well as an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group's operations and on which the Group's success depends are set out in the section headed "Environmental, Social and Governance Report" of this Annual Report.

The Group has established systems and procedures to ensure compliance with relevant laws and regulations which have significant impact on the Group in conducting its business, including but not limited to Personal Data (Privacy) Ordinance, Employment Ordinance, Occupational Safety and Health Ordinance, Prevention of Bribery Ordinance, Companies Ordinance, Listing Rules and SFO in Hong Kong, Employment Law and Environmental Protection Law as well as all other applicable laws in the PRC, its compliance of which is set out in the sections headed "Environmental, Social and Governance Report" and "Corporate Governance Report" of this Annual Report. All of the above sections form part of this Directors' Report.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the section headed "Consolidated Statement of Comprehensive Income" on pages 74 to 75 of this Annual Report. No interim dividend was paid to the Shareholders during the year (2020: Nil). The Directors did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the Consolidated Financial Statements is set out on page 149 of this Annual Report. This summary does not form part of the Consolidated Financial Statements.

Directors' Report

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the section headed "Consolidated Statement of Changes in Equity" on pages 78 to 79 of this Annual Report and Note 35 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company did not have any reserves available for distribution to Shareholders as calculated in accordance with the provisions of section 297 of the Companies Ordinance.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 24 to the Consolidated Financial Statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2021, the Group had no bank loans and other borrowings other than convertible bonds and other borrowing, details of which are set out in notes 21, 22 and 23 to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer accounted for approximately 71.1% of the Group's revenue of the year under review and approximately 98.8% of the total revenue of the Group of the year under review was attributable to the Group's top five customers.

The percentage of cost of sales of the Group attributable to the five largest suppliers combined is less than 30%.

None of the Directors, their close associates or any Shareholders (which to the best of the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in the Group's major customers or suppliers noted above.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes that good relationships with its employees, customers and suppliers are keys to its success. The Group maintains caring relationship with its employees and good partnership with its suppliers with an aim to providing the best service to its customers.

DIRECTORS OF SUBSIDIARIES

A list of the names of the directors of the Company's subsidiaries during the year and up to the date of this Annual Report can be found in the Company's website at https://www.aelg.com.hk.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The composition of the Board during the year ended 31 December 2021 and up to the date of this Annual Report are set out in the section headed "Corporate Governance Report" of this Annual Report.

The Company has received annual confirmation from each of the three INEDs (namely, Mr. Ng Kwun Wan, Mr. Wong Cheuk Bun and Mr. Hon Ming Sang) with regard to their independence and considers that the INEDs to be independent during the year under review.

Mr. Hui has been appointed as an ED on 7 July 2021. He shall hold office until the upcoming AGM of the Company pursuant to Article 92 of the Articles of Association.

Mr. Hui is eligible and will offer himself for re-election at the 2022 AGM.

During the year under review, each Director has a service agreement with the Company for a term of three years and is subject to retirement by rotation and re-election in accordance with the Articles of Association. Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' BIOGRAPHIES

Biographical details of the current Directors are set out in the section headed "Directors' Profile" on pages 14 to 16 of this Annual Report.

DIRECTORS' INTERESTS IN CONTRACTS AND COMPETING BUSINESS

Save as disclosed under the section headed "Directors and Directors' Service Contracts" of this Directors' Report and in Note 29 to the Consolidated Financial Statements, no contract of significance in relation to the Group's businesses to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss or damage which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and other officers of the Group for the year under review.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the following person(s) is/are Directors of the Company who had or was deemed to have an interest in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they had or were deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

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 issued Shares** *(Note)*
Mr. Pang Yuet	Interest of controlled corporation	1,100,000,000	300,000,000 *(Note)*	1,400,000,000	82.60%
Mr. Hui Wai	Interest of his spouse	24,000	–	24,000	0.00%

Notes: Mr. Pang Yuet 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 Yuet. 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 31 December 2021, as far as the Board was aware, none of the Directors of the Company had or was deemed to have any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they had or were deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors, as at 31 December 2021, the following persons (not being a Director) had interests in the Shares or underlying Shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Long Position in the Shares and underlying Shares

Name	Capacity	Number of Shares and underlying Shares held *(Note 1)*	Approximate percentage of issued Shares
Oriental Solar Group Limited	Beneficial owner *(Note 2)*	1,400,000,000(L)	82.60%

Notes:

(1) The letter "L" denotes a long position in the shares.

(2) As at 31 December 2021, Mr. Pang Yuet held 100% equity interest in Oriental Solar Group Limited, the controlling shareholder of the Company. Accordingly, Mr. Pang Yuet was deemed to have an interest in all the shares beneficially owned by Oriental Solar Group Limited under the SFO.

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any other person (other than the Directors whose interests are set out in the section headed "Directors' Interests and Short Positions in Shares and Underlying Share and Debentures" above) who had an interest or short position in the Shares or 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 as recorded in the register required to be kept under Section 336 of the SFO.

INTERESTS OF CONTROLLING SHAREHOLDERS IN CONTRACTS

There was no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in paragraph 16 of Appendix 16 to the Listing Rules) or any of its subsidiaries, at any time during the year under review.

REMUNERATION POLICY

The remuneration policy of the employees and senior management of the Group is set up by the Remuneration Committee on the basis of their merit, qualification and competence with reference to the market benchmarks. The Director's remuneration is recommended by the Remuneration Committee, having regard to market competitiveness, individual performance and achievement, and approved by the Board. The Company has adopted share option scheme as incentives to Directors, eligible employees and participants, details of which are set out in the section headed "Share Options" below.

Details of the remuneration of the Directors and the five highest paid individuals are set out in Notes 9 and 10 to the Consolidated Financial Statements.

RETIREMENT BENEFITS SCHEMES

The Group strictly complies with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) in making mandatory provident fund contributions for its Hong Kong employees.

The Group also contributes a certain percentage of payroll for the PRC employees to the retirement benefit schemes which are operated by the respective local municipal governments in accordance with relevant laws.

SHARE OPTIONS

2018 Share Option Scheme

The 2018 Share Option Scheme was adopted by the Company on 20 August 2018. The Company may grant share options to selected eligible participants (as defined in the 2018 Share Option Scheme) as incentives or rewards for their contribution to the Group (or any member of the Group) and/or to enable the Group (or any member of the Group) to recruit and retain high caliber employees and attract human resources that are valuable to the Group (or any member of the Group) and/or to any invested entity.

Under the 2018 Share Option Scheme, the Board has the authority to set the terms and conditions in respect of the grant of share options (e.g. the minimum period of the share options to be held, the performance targets to be achieved before the share options can be exercised and the subscription price). This provides the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help to achieve the purpose of the 2018 Share Option Scheme. The aggregate number of Shares in respect of which share options (including both exercised and outstanding share options) may be granted under the 2018 Share Option Scheme and any other share option scheme(s) of the Company shall not, in aggregate exceed 10% of the total number of shares in issue on its adoption date, i.e. 20 August 2018. Further, the maximum number of Shares which may be issued upon exercise of all outstanding share options granted under the 2018 Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible participant in any 12-month period shall not exceed 1.0% of the total number of Shares in issue of the Company.

The eligible participants as defined under the 2018 Share Option Scheme are as follows:

(i) any employee (whether full time or part time, including any EDs but excluding any non-executive director ("NED")) of the Company, or of any of its subsidiaries or invested entity in which the Group holds any equity interest;

(ii) any NED (including INED) of the Company, any of its subsidiaries or any invested entity;

(iii) any Shareholders of any members of the Group or any invested entity or any holder of any securities issued or proposed to be issued by any member of the Group or any invested entity;

(iv) any other entity (including any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group; or

(v) any other persons (including any individual staff member of any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contributed to the Group.

During the year under review, no options were granted, exercised and lapsed under the 2018 Share Option Scheme. There were no outstanding options on 31 December 2021 granted under the 2018 Share Option Scheme (2020: Nil).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' Interests and Short Positions in Shares and Underlying Shares and Debentures" and "Share Options" of this Annual Report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, chief executive, or any of their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year under review.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions and connected transactions for the year ended 31 December 2021 are set out in Note 29 to the Consolidated Financial Statements.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has entered into a number of continuing agreements and arrangements ("Contractual Arrangements") with its connected persons in the ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. Set out below are the details of the Group's continuing connected transactions.

Reasons for the Contractual Arrangements

PRC laws and regulations currently do not allow foreign investors to hold more than 50% of equity interests in a company providing value-added telecommunications services which is considered "restricted" under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《(外商投資准入特別管理措施(負面清單)》).

The Contractual Arrangements among the Group, Beixi Business, Beishang and the Beishang Equity Owners of the consolidated affiliated entities are therefore necessary to achieve the Group's business objectives, although they have been as narrowly tailored as possible so as to minimize potential conflict with current PRC laws and regulations.

All INEDs have reviewed the Contractual Arrangements and confirmed that (i) the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the profit generated by the Beishang has been substantially retained by Beixi Business, if any; (iii) no dividends or other distributions have been made by Beishang to Beishang Equity Owners which are not otherwise subsequently assigned or transferred to Beixi Business; and (iv) the Contractual Arrangements and any new contracts entered into, renewed or reproduced between the Group and Beishang during the year are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Shareholders as a whole. The auditor of the Company has confirmed that the Contractual Agreements have complied with the matters as set out in Rule 14A.56 of the Listing Rules. The Directors also believe that the Group's structure whereby the financial results of the consolidated affiliated entities are consolidated into the Group's financial statements as if they were the Group's subsidiaries, and the flow of economic benefits of their business to the Group places the Group in a special position in relation to relevant rules concerning connected transactions under the Listing Rules.

Relationship of the parties to the Contractual Arrangements

Beixi Business is a non-wholly owned subsidiary of the Company. Given Mr. Sun Zheng is a director of Beixi Business and that Mr. Sun Zheng is a substantial shareholder of Beishang by virtue of being a registered owner of Beishang holding 60% equity interests in Beishang, Mr. Sun Zheng will be regarded as a connected person of the Company at subsidiary level. Since Mr. Sun Zheng is the registered owner of Beishang holding 60% of Beishang's equity interests, Beishang is regarded as an associate of Mr. Sun Zheng under Chapter 14A of the Listing Rules. As such, the Contractual Arrangements constitute continuing connected transactions of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 36 to 43 of the Company's announcement dated 30 April 2021.

1. If the PRC government finds that the agreements that establish the structure for the Group to operate certain businesses in the PRC through the Contractual Arrangements do not comply with applicable PRC Laws, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Group's interest in Beishang.

2. The Contractual Arrangements may not be as effective in providing operational control as direct ownership and Beishang or relevant parties may fail to perform their obligations under the Contractual Arrangements.

3. The Beishang Equity Owners may potentially have a conflict of interests with the Group.

4. The Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.

5. Beixi Business's ability to acquire the shares in Beishang may be subject to various limitations and substantial costs.

6. The Group may bear economic risk which may arise from difficulties in the operation of Beishang.

7. Certain provisions in the Contractual Arrangements may not be enforceable under PRC laws.

8. The Company may lose the ability to use and enjoy the assets held by Beishang if Beishang declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

9. The Group does not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.

10. Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of the current corporate structure, Contractual Arrangements, corporate governance and business operations of the Group and Beishang.

11. Impact of the Foreign Investment Law on variable interest entity.

12. Measures adopted by the Company to mitigate against any potential risk arising from the Foreign Investment Law.

Contractual Arrangements in Place

The Contractual Arrangements that were in place as at 31 December 2021 are as follows:

(i) an exclusive business consultancy services agreement dated 20 January 2021 and entered into by Beixi Business and Beishang, pursuant to which Beishang agreed to appoint Beixi Business as its exclusive services provider to provide technical, consultancy and other services to Beishang, and in return, Beixi Business will charge for the services;

(ii) an exclusive call option agreement dated 20 January 2021 and entered into by and among Beixi Business, Beishang, Mr. Sun Zheng and Mr. Bai Lan, pursuant to which Mr. Sun Zheng and Mr. Bai Lan irrevocably, unconditionally and severally granted an exclusive call option to Beixi Business to require Mr. Sun Zheng and Mr. Bai Lan to transfer their equity interests in Beishang to Beixi Business or its designee for nil consideration;

(iii) an equity pledge agreement dated 20 January 2021 and entered into by and among Beixi Business, Mr. Sun Zheng and Mr. Bai Lan, pursuant to which Mr. Sun Zheng and Mr. Bai Lan pledged all their equity interests in Beishang to Beixi Business as security for the performance of the contractual obligation by them under the relevant equity pledge agreement, the relevant loan agreement, the exclusive call option agreement and the voting rights delegation agreement; and Beishang under the voting rights delegation agreement and the exclusive business consultancy services agreement;

(iv) a voting rights delegation agreement dated 20 January 2021 and entered into by and among Beixi Business, Beishang, Mr. Sun Zheng and Mr. Bai Lan, pursuant to which Mr. Sun Zheng and Mr. Bai Lan irrevocably appointed Beixi Business's designated personnel to exercise the rights of them as a shareholder of Beishang;

(v) equity owners undertakings dated 20 January 2021 executed by Mr. Sun Zheng and Mr. Bai Lan, pursuant to which each of Mr. Sun Zheng and Mr. Bai Lan has provided certain express and irrevocable undertakings to Beixi Business, details of which are set out in the Company's announcement dated 30 April 2021;

(vi) spousal undertakings dated 20 January 2021 executed by the spouse of each of Mr. Sun Zheng and Mr. Bai Lan, pursuant to which the spouse of each of Mr. Sun Zheng and Mr. Bai Lan has provided certain express and irrevocable undertakings to Beixi Business, details of which are set out in the Company's announcement dated 30 April 2021.

There are no other new Contractual Arrangements entered into, renewed or reproduced between the Group and the consolidated affiliated entities during the financial year ended 31 December 2021. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2021.

For the year ended 31 December 2021, none of the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements has been removed. The Group has adopted various measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the Group's compliance with the Contractual Arrangements including the review of the overall performance of and compliance with the structured contracts under the Contractual Arrangements by the Board at least once a year. The Company has been advised by its PRC legal advisor that the Contractual Arrangements do not violate the relevant PRC regulations.

Save for the above continuing connected transactions, the other related party transactions which are disclosed in note 29 to the Consolidated Financial Statements also constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules and such transactions are fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the best of knowledge of the Directors, the percentage of the Shares in the public's hands exceeded 25% throughout the year as required under the Listing Rules.

CORPORATE GOVERNANCE

Throughout the year under review, the Company complied with the applicable code provisions and principles as set out in Appendix 14 to the Listing Rules, except for the deviations mentioned in the section headed "Corporate Governance Report — Corporate Governance Practices" on page 28 of this Annual Report.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

The Company complied with the applicable code provisions and principles as set out in Appendix 27 to the Listing Rules throughout the year under review and details of which are set out in the section headed "Environmental, Social and Governance Report" on page 43 of this Annual Report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year under review, the Company was not aware of any material breach of or non-compliance with the applicable laws and regulations by the Group. The management regularly reviews and updates the rules and policies of the Group to ensure it is in compliance with the legal and regulatory requirements.

AUDITOR

On 11 December 2018, BDO Limited resigned as auditor of the Company. Mazars CPA Limited was then appointed as the new auditor of the Company with effect from the same date to fill the casual vacancy following the resignation of BDO Limited.

The Consolidated Financial Statements of the Group for the year ended 31 December 2021 were audited by Mazars CPA Limited. A resolution for the re-appointment of Mazars CPA Limited as the auditor of the Company will be proposed at the 2022 AGM of the Company.

On behalf of the Board

Pang Yuet
Chairman and Executive Director
Hong Kong, 18 March 2022

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

It is a continuing commitment of the Board and the management of the Company to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the Shareholders and enhance the performance of the Group. The Company has adopted and applied the principles as set out in the CG Code.

Throughout the year ended 31 December 2021, the Company complied with the applicable CG Code and principles, save for the deviations specified and explained below.

Code Provision C.2.1

The post of chief executive of the Company has remained vacant since March 2009. The duties of chief executive had been performed by other EDs. As there is a clear division of responsibilities of each director, the vacancy of the post of chief executive did not have any material impact on the operations of the Group. Nevertheless, the Board will review the current structure from time to time and if a candidate with suitable knowledge, skill and experience is identified, the Board will make an appointment to fill the post of chief executive as appropriate.

Code Provision F.2.2

Code provision F.2.2 stipulates that the Chairman should attend the AGM. Mr. Pang Yuet, the Chairman and an ED was absent from the 2021 AGM due to other business engagements.

BOARD OF DIRECTORS

(1) Board Composition

The Board currently comprises three EDs and three INEDs. The biographical details of each Director are shown in the section headed "Directors' Profile" on pages 14 to 16 of this Annual Report and are on the Company's website. The Directors during the year under review and up to the date of this Annual Report are as follows:

Executive Directors

Mr. Pang Yuet *(Chairman)*
Mr. Sun Peng
Mr. Hui Wai (appointed on 7 July 2021)
Ms. Jian Qing (resigned on 1 July 2021)

Independent Non-Executive Directors

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

The Directors do not have any relationship (including financial, business, family or other material relationships) with each other, except that Mr. Pang Yuet, the Chairman and ED is a cousin of Mr. Sun Peng, an ED.

(2) Nomination and Appointment of Directors

The Company has adhered to its policy in selecting candidate(s) for the appointment as Directors by considering advices from the Nomination Committee and taking into account the Board Diversity Policy. The existing Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the Company's AGM. For the newly appointed Director, he shall hold office only until the next general meeting of the Company (in case of filling a casual vacancy) or until the next following AGM of the Company (in case of an addition to the existing Board), and shall then be eligible for re-election.

(3) Changes in Directorship

(i) On 1 July 2021, Ms. Jian Qing resigned as an ED and a member of the Executive Committee; and

(ii) On 7 July 2021, Mr. Hui Wai was appointed as an ED and a member of the Executive Committee.

(4) Responsibility of the Board of Directors

It is the function of the Board to assume the responsibility for leadership and control of the Company. The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

Other duties include but are not limited to:

- maintaining effective control of the Company;
- giving strategic direction to the Company;
- reviewing, approving and monitoring fundamental financial and business strategies, plans and major corporate actions;
- ensuring that the Company complies with relevant laws, regulations and codes of business practice;
- ensuring that the Company communicates with the Shareholders and the relevant stakeholders transparently and promptly; and
- monitoring the overall corporate governance functions of the Company.

The day-to-day management, administration and operations of the Group and the implementation of policies have been delegated to the management of the Group. The Board fully supports the management with appropriate power and authorities in operating the Group's businesses within the strategic directions given by the Board. The management should report back to the Board before any significant decisions and commitments are to be made. The Board also reviews the authorities delegated to the management regularly to ensure that these are appropriate and effective.

Although the Board has delegated its certain responsibilities and functions to the management and various committees, it acknowledges that it remains ultimately accountable for the performance and affairs of the Company.

(5) Board Meetings and General Meetings

There were seven Board meetings and two general meetings held during the year under review. The attendance of Directors at the Board meetings and the general meetings are as follows:

	Attendance No. of Board meetings attended/ No. of Board meetings held during the year	Attendance No. of general meetings attended/ No. of general meetings held during the year
Executive Directors		
Mr. Pang Yuet *(Chairman)*	9/9	0/1
Mr. Sun Peng	9/9	1/1
Mr. Hui Wai (appointed on 7 July 2021)	5/9	N/A
Ms. Jian Qing (resigned on 1 July 2021)	4/9	1/1
Independent Non-Executive Directors		
Mr. Ng Kwun Wan	9/9	1/1
Mr. Wong Cheuk Bun	9/9	1/1
Mr. Hon Ming Sang	9/9	1/1

(6) Board Activities

The Board meets regularly and holds not less than four meetings each year at approximately quarterly intervals to review and discuss the Company's operations, financial results and other relevant matters as identified by the Directors. Additional meetings will also be arranged at the Directors' request as driven by circumstances. Through participating in the Board meetings, committee meetings and general meetings, the Directors are able to make contributions as required from them to the Board and to the development of the Group.

The Board proceedings are well defined and in adherence to the requirements under the Articles of Association and the Listing Rules. The company secretary prepares the agendas for Board meetings and issue to all Directors with a notice period (either written and/or verbal) of at least 14 days for regular Board meetings, and shorter notice period for other Board meetings, and distribute to all Directors the Board papers containing relevant information and documents at least 3 days before the Board meetings. During each Board meeting, the Chairman of the meeting encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interests of the Company. Directors are also encouraged to discuss the matters at the meeting and express their different views to ensure that the Board's decisions fairly reflect the consensus of all Directors. EDs are responsible for reporting to the Board the respective business segments, including but not limited to, operations of the respective divisions, business update, progress of the projects, financial performance, corporate governance and compliance matters.

The Directors are required to declare their and their connected entities' direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at the Board meetings and should not vote and be counted in the quorum on the relevant resolutions in relation to such proposals and transactions thereat.

The company secretary prepares written resolutions and minutes as required by the circumstances and keeps detailed records of matters discussed and decisions resolved at the Board meetings, committee meetings and general meetings, including any concern raised by the Directors, members of the committees and the Shareholders (as the case may be) or their dissenting views expressed. Draft resolutions and minutes of the Board/committee meetings will be circulated to the Directors/members of the committees for comments in a timely manner. Original minutes and resolutions of the Board/committees and general meetings are placed on record and kept by the company secretary. These are available for inspection upon request by the Directors.

(7) Continuous Professional Development

For newly appointed Director, the Company will provide an induction package including necessary information of the Group and briefings relevant to the business and/or director's duties. The Directors are encouraged to participate in continuous professional development courses and seminars to develop and refresh their knowledge and skills as directors of listed company. The Company continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director for the year ended 31 December 2021 are as follows:

	Updates on laws, rules & regulations/management and/other professional skills and Self-reading
Executive Directors	
Mr. Pang Yuet *(Chairman)*	✓
Mr. Sun Peng	✓
Mr. Hui Wai (appointed on 7 July 2021)	✓
Ms. Jian Qing (resigned on 1 July 2021)	✓
Independent Non-Executive Directors	
Mr. Ng Kwun Wan	✓
Mr. Wong Cheuk Bun	✓
Mr. Hon Ming Sang	✓

(8) Monthly Management Reports to Directors

All Directors are provided with monthly report on the Company's performance, position and prospects, together with the latest development on the changes of applicable rules and regulations to enable the Board as a whole and each Director to discharge their duties. All Directors have been continuously keeping themselves updated on relevant issues, such as, corporate governance and regulatory requirements through selfreading materials.

(9) Chairman and Chief Executive

Mr. Pang Yuet is the Chairman of the Board and there is no chief executive during the year under review and up to the date of this Annual Report.

The Chairman and chief executive are responsible for the management of the Board and the day-to-day management of the Company. The Company has established and adopted a "Division of Responsibilities of the Chairman and Chief Executive" guideline which clearly identified the respective roles of the Chairman and chief executive. In brief, the Chairman is responsible for providing leadership for the Board and the chief executive is responsible for leading the management in the day-to-day running of the Group's business in accordance with the business plans and within the budgets approved by the Board.

During the year under review, the post of chief executive has been vacant and the duties of chief executive were performed by all EDs collectively.

(10) Directors' and Officers' Liability Insurance

The Company has taken out the directors' and officers' liability insurance coverage pursuant to the Articles of Association in relation to the liability of the Directors and officers for any loss or damage which may happen to or be incurred by the Company in the execution of the duties of his/their office(s) or in relation thereto.

(11) Independent Advice to the Board

The Directors, upon reasonable request to the Company in an agreed procedure, are authorized, at the expenses of the Company, to seek independent professional advices in appropriate circumstances in order to assist them in performing their duties.

BOARD COMMITTEES

The Board currently has four committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Executive Committee. All the Board committees are empowered by the Board under their own TORs which have been published on the Stock Exchange's website and the Company's website respectively.

(1) Audit Committee

The Audit Committee comprising only INEDs was established with specific written TOR that complied with the Listing Rules. The main purpose of the Audit Committee is to review and provide supervision over the Group's financial reporting process, risk management and internal controls.

As at 31 December 2021, members of the Audit Committee were Mr. Ng Kwun Wan (Chairman), Mr. Wong Cheuk Bun and Mr. Hon Ming Sang.

During the year under review, the Audit Committee performed the following duties:

- Recommended to the Board regarding the appointment and remuneration of the auditor;
- Reviewed the draft annual and interim financial statements and the draft results announcements of the Company, focusing on main areas of judgment and compliance with certain rules and standards prior to recommending them to the Board for approval;
- Reviewed, in conjunction with the auditor, the developments of accounting standards and assessed their potential impacts on the Group's financial statements;

- Reviewed and monitored the auditor's independence, objectivity and the effectiveness of audit process in accordance with applicable standards;

- Assessed the independence of the auditor, prior to formally engaging the auditor to carry out the audit for the Group's financial statements for the year;

- Discussed the proposed scope of work and approach of the audit with the auditor prior to the actual commencement of the audit;

- Reviewed the results of the external audit, and discussed with the auditor on any significant findings and audit issues;

- Reviewed and approved the internal audit planning, and discussed any significant issues with the internal auditor and the management of the Company; and

- Reviewed the adequacy and effectiveness of the Group's systems of enterprise risk management and internal control through a review of the work undertaken by the internal auditor and discussions with the Board.

The Audit Committee held three meetings during the year under review and the attendance of its members are as follows:

	No. of meetings attended/ No. of meetings held during the year
Mr. Ng Kwun Wan *(Chairman)*	3/3
Mr. Wong Cheuk Bun	3/3
Mr. Hon Ming Sang	3/3

(2) Nomination Committee

The Board established the Nomination Committee comprising one ED and two INEDs with specific written TOR. Its main function is to review and assess the structure, size and composition of the Board and to identify and make recommendation to the Board on the selection, appointment or re-appointment for directorship.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board adopted a board diversity policy setting out the approach to achieve board diversity. All Board appointments will be made based on merit and contribution that the selected candidates will bring to the Board while taking into account the diversity components including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, expertise, skills, knowledge and length of service. In nomination of members to the Board, the Nomination Committee should take into account the background, skill and experience of the selected candidates with reference to the requirements as set out in the Company's board diversity policy. The Nomination Committee will make assessment based on a merit and contribution basis, which the selected candidates can bring to the Group, and submit recommendation to the Board for consideration.

As at 31 December 2021, members of the Nomination Committee comprised of 1ED and 2 INEDs, namely, Mr. Pang Yuet (Chairman), Mr. Ng Kwun Wan and Mr. Wong Cheuk Bun.

During the year under review, the Nomination Committee performed the following duties:

- Reviewed the structure, size and the composition of the Board;
- Recommended to the Board on the appointment of Mr. Hui Wai as an ED; and
- Recommended to the Board on the re-appointment of Directors at the 2021 AGM.

The Nomination Committee held two meetings during the year under review and the attendance of its members are as follows:

	No. of meetings attended/ No. of meetings held during the year
Mr. Pang Yuet *(Chairman)*	2/2
Mr. Ng Kwun Wan	2/2
Mr. Wong Cheuk Bun	2/2

(3) Remuneration Committee

The Remuneration Committee was established in 2006 with specific written TOR and its main function is to make recommendations to the Board on policies relating to the remuneration of all Directors. In accordance with the Listing Rules, the majority of the members of the Remuneration Committee are INEDs.

As at 31 December 2021, the members of the Remuneration Committee consisted of 3 INEDs, namely, Mr. Ng Kwun Wan (Chairman), Mr. Wong Cheuk Bun and Mr. Hon Ming Sang.

During the year under review, the Remuneration Committee performed the following duties:

- Assessed the remuneration package of Mr. Hui Wai upon his appointments as an ED on 7 July 2021; and
- Reviewed and assessed the remuneration package and the performance of all Directors.

The Remuneration Committee held three meetings during the year under review and the attendance of its member are as follows:

	No. of meetings attended/ No. of meetings held during the year
Mr. Ng Kwun Wan *(Chairman)*	3/3
Mr. Wong Cheuk Bun	3/3
Mr. Hon Ming Sang	3/3

(4) Executive Committee

The Board established the Executive Committee in April 2018, comprising at least two EDs, with specific written TOR. It's main functions are to provide business strategies and future directions to the Company and advise on all commercial matters and operations of the Group and make recommendations to the Board for approval (if necessary).

As at 31 December 2021, the Executive Committee comprised of 3 EDs, namely, Mr. Pang Yuet (Chairman), Mr. Sun Peng and Mr. Hui Wai.

During the year under review, the Executive Committee performed the following duties:

- Reviewed the performance of shipping and logistics business and telecommunications related business; and
- Identified suitable vessels for acquisition in order to expand the fleet size of the Company.

The Executive Committee held 3 meetings during the year under review and the attendance of its members are as follows:

	Attendance No. of meetings attended/ No. of meetings held during the year
Mr. Pang Yuet *(Chairman)*	3/3
Mr. Sun Peng	3/3
Mr. Hui Wai (appointed on 7 July 2021)	2/3
Ms. Jian Qing (resigned on 1 July 2021)	1/3

(5) Corporate Governance Function

The Company has not established any committee responsible for the corporate governance function of the Group and it is collectively performed by the Board. The Board acknowledges overseeing the corporate governance function of the Group collectively with a view in compliance with the Listing Rules.

During the year under review, the Board performed the following corporate governance functions:

- Reviewed the Company's policies and practices on corporate governance and made recommendations;
- Reviewed and monitored the training and continuous professional development of Directors and senior management; and
- Reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements.

COMPANY SECRETARY

On 28 April 2021, Mr. Poon Pok Man Coca was appointed as the company secretary of the Company in place of Mr. Suen To Wai. He complied with Rule 3.29 of the Listing Rules of obtaining no less than 15 hours of relevant professional training during the year under review.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry, all current Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

FINANCIAL REPORTING

The Directors are responsible for ensuring the maintenance of proper accounting records, safeguarding of the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

A statement by the Independent Auditor about its reporting and its responsibilities is set out in the Independent Auditor's Report on pages 68 to 73 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year under review, the Group complied with Code Provision D.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification*: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- *Evaluation*: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- *Management*: Consider the risk responses, ensure effective communication to the Board and on-going monitoring of the residual risks.

Based on the risk assessments conducted for the financial year ended 31 December 2021, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- *Control Environment:* A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- *Risk Assessment:* A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- *Control Activities:* Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- *Information and Communication:* Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- *Monitoring:* Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The EDs are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted for the financial year ended 31 December 2021, no significant control deficiency was identified.

Internal Auditors

The Group has outsourced the internal audit work (the "IA function") to SHINEWING Risk Services Limited, which is one of the professional internal audit services provider in Hong Kong. The IA function is independent of the Group's daily operations and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An internal audit plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via the Audit Committee afterwards.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring annual review of the effectiveness of these systems. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by IA function and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

AUDITOR'S REMUNERATION

During the year under review, the fee for audit services provided by Mazars CPA Limited, the external auditor of the Company, was HK$1,080,000 (2020: HK$1,000,000) and that for the non-audit services mainly representing non-assurance work in relation to the interim report for the six months ended 30 June 2021, amounted to HK$150,000 (2020: HK$729,000 mainly relating to review of the interim report for the six months ended 30 June 2020 and the reporting accountant's work relating to the profit estimates and a major transaction).

BOARD DIVERSITY

The Company specialises and embraces the benefits of building a diverse and inclusive Board and has adopted the board diversity policy in order to achieve and maintain its sustainable development and competitive advantage. The board diversity policy has been considered from a range of diversity perspectives, including but not limited to gender, age, educational background, ethnicity, professional expertise, expertise, skills, knowledge and length of service. These aspects will be considered in determining the optimum composition of the Board and should be balanced appropriately when possible and necessary. The Board will monitor the implementation and effectiveness of the board diversity policy annually.

Underpinned by meritocracy, the Board appointments will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The Nomination Committee annually discusses and establishes measurable objectives for achieving diversity on the Board. At any given time, the Nomination Committee may seek to improve one or more aspects of its diversity and measure progress accordingly.

With reference to the business needs of the Group, the following measurable objectives have been set for implementing the board diversity policy:

1) A prescribed proportion of female members on the Board;

2) A prescribed proportion of independent non-executive Directors on the Board;

3) A prescribed proportion of members on the Board holding bachelor's degree or above; and

4) A prescribed proportion of members on the Board possessing China-related work experience.

Based on its review, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the board diversity policy of the Company, except for item 1.

The Board is aware of the amendment to the Listing Rule which becomes effective from 1 January 2022. As at the date of this Annual Report, the Board is comprised of single gender, the Company will appoint at least a female director during the transitional period as required.

COMMUNICATIONS WITH SHAREHOLDERS

(1) Annual General Meeting

The Company strives to maintain an amicable and open relationship with its Shareholders and regards its AGM providing a forum at which the Directors and Shareholders can exchange opinions and ideas. Shareholders are cordially invited to attend the AGM and direct their questions to the Board. Those available to answer such questions thereat include not only the EDs but also chairmen of the relevant committees, or in their absence, members of the committees and the external auditor.

(2) Shareholders' Rights

The Board has adopted a Shareholder's Communication Policy (the "Policy") which aims to promoting and facilitating effective communication with its Shareholders. The objective is to ensure the Company provides timely, clear, reliable and material information for its Shareholders in exercising their rights. The Policy defined how Shareholders can convene general meeting, procedures to which enquiries may be put to the Board and sufficient contact details enabling these enquiries to be properly directed and sufficient contact details for putting forward proposals at the Shareholders' meetings. A procedure for Shareholders to propose a person for election as a Director (the "Procedure") was also adopted providing guidelines on how Shareholders can propose an individual as directors of the Company. The Policy and the Procedure are published on the Company's website.

(3) Investor Relations

In order to ensure effective communication with the Shareholders and investors, information on the Group's latest major development, news and updates are made available to them in a timely manner through the Company's website. In addition, financial reports, announcements and circulars including but not limited to results announcements, notices of general meetings and related explanatory statements issued by the Company are also released through the respective websites of the Stock Exchange and the Company. The Company's constitutional documents are also made available on the Company's website.

Corporate Governance Report

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") pursuant to Code Provision F.1.1. The Dividend Policy sets out the principles and procedures for the payment of dividend to the Shareholders. The Board shall monitor the payment of dividends and review the Dividend Policy from time to time and approve any revision thereof subject to the requirements of the Companies Ordinance, the Listing Rules and all other applicable legislations.

Pursuant to the Dividend Policy, in brief, the Company shall distribute such amount of profits by way of dividend as the Board may decide from time to time. The dividend amount should be correlated with the performance of the financial year and the Company should maintain a stable payout ratio that is in line with the future prospect of the business. As a guideline, the payout ratio should not be more than 50% of the profits of the Company and its subsidiaries for the year. If due to any special reason that demands a higher payout ratio, the management must explain the rationale to the Board in details. The dividend may be distributed in the form of either cash or bonus Shares at an option for the Shareholders to select, subject to such provisions as stipulated in the Articles of Association and the Companies Ordinance as well as applicable rules and legislations from time to time.

UPDATE OF TORS OF THE COMMITTEES

During the year under review, no significant update was made to TORs.

Environmental, Social and Governance Report

I. INTRODUCTION AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

About the Report

The Environmental, Social and Governance Report (the "Report") summarizes the initiatives, plans and Asia Energy Logistics Group Limited (the "Company") and its subsidiaries (collectively, the "Group") in the environmental, social and governance ("ESG") aspects, and illustrates the sustainability of our business activities in terms of ESG.

The Group adheres to the management policies of sustainable ESG development and is committed to handling the Group's ESG matters effectively and responsibly, which it believes are of great significance for its business and operations.

ESG Governance

The situation worldwide was extremely turbulent following the COVID-19 outbreak since 2020, nevertheless, everyone has worked hard in the past year to prevent the ongoing virus outbreak. It is important to cope with unexpected challenges and to develop a better risk management in long term.

Through the Group ESG governance, it aims to create accountability at all levels, so that everyone and each party is well aware of the role and responsibilities in contributing to ESG objectives of the Group. The directors (the "Directors") and the board of Directors (the "Board") has been dedicated to improving our ESG performance through a better ESG management and monitoring system, including an accurate collection of data on a timely manner and a better incorporation of ESG concept into company management, so as to balance the financial gains with environmental and social goods. The Group has also maintained an open and effective communication channels with our stakeholders to ensure a collaborative effort in long-term sustainability, and to readjust our ESG-related strategies.

The Board is responsible to oversee the broader ESG megatrends, risks and opportunities that would affect the long-term development and positioning of the Group. The top management determines the overall strategic direction of the Group to achieve sustainable growth, while benefiting the society. It also endorses the key policies of ESG focus areas. They effectively record and report ESG related information, and fully put into practice the ESG related management work.

Reporting Framework

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Reporting Guide") sets out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The details of the operations of the Group are set out in the "Management Discussion and Analysis" section of the annual report of the Company for the financial year ended 31 December 2021 (the "Annual Report"). If there is any conflict or inconsistency, the English version shall prevail.

Environmental, Social and Governance Report

Reporting Period

The ESG Report elaborates on the Group's ESG events, challenges and measures during the year from 1 January 2021 to 31 December 2021 (the "Reporting Period").

Reporting Scope

During the Reporting Period, the Group adjusted its business strategy for sustainable development and focused on shipping and logistics business; therefore, the scope of the report covers the key performance indicators ("KPIs") data of the Group's main operating activities at a Hong Kong office, online service in the PRC and two own vessels. Vessels' daily operation, maintenance and recruitment are completed by the business partner and does not contain relevant data.

The Board has confirmed that the Report does not contain any false information, misleading statements or material omissions, and collectively and individually, accept responsibility for the truthfulness, accuracy and completeness of its contents.

The Group refers to the Reporting Guide with a complete index in compliance is available at the end of this Report for reference. Except for provisions that the Group considers are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, this report has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide. This year's Report is further enhanced, with a wider range of KPIs. In line with these standards, key stakeholders, including operation departments, management and independent third parties, were engaged in the material assessment and identification of the relevant and important environmental, social and governance policies, for incorporation in the Report.

Stakeholder Engagement

The Group is committed to maintaining the sustainable development of its business and the environmental protection of the communities in which it operates. We maintain a close tie with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc. and strive to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. We assess and determine our environmental, social and governance risks, and ensure that the relevant risk management measures and internal control systems are operating effectively.

The following table shows the management response to the stakeholders' expectations and concerns:

Major Stakeholders	Expectations and concerns	Management response
Government/regulatory organizations	Compliance in laws and regulations	Establish comprehensive and effective internal control system
	Fulfill tax obligation	Pay tax on time, and in return contributing to the society
	On-site visits and inspections	Uphold integrity and compliance in operations
Investors/Shareholders	Return on investment	Management possesses relevant experience and professional knowledge in business sustainability
	Information transparency	Ensure transparent and effective communications by dispatching information on the websites of HKEX and the Company
	Corporate governance system	Continue to improve the internal control system and focus on risk management
Customers	High quality services	Improve the quality of services continuously in order to maintain customer satisfaction
	Reasonable price	Ensure proper contractual obligations are in place
Business partners, contractors and Suppliers	Good relationship with the Company	Business Partners and Suppliers management meetings and events
	Corporate reputation	Business Partners and Suppliers on-site audit management policy
Employees	Career development	Encourage employees to participate in continuous education and professional trainings
	Compensation and welfare	Establish a fair, reasonable and competitive remuneration scheme
	Health and workplace safety	Pay attention to occupational health and safety

Major Stakeholders	Expectations and concerns	Management response
Community	Environmental protection	Pay attention to climate change
	Community contribution	Encourage employees to actively participate in charitable activities and voluntary services
	Economic development	Maintain good and stable financial performance and business growth

Materiality Assessment

The management and employees that perform major functions in the Group have all participated in preparing the ESG Report to assist the Group in reviewing its operation, identifying relevant ESG matters, and assessing the importance of such relevant matters to its business and stakeholders. Information was collected from relevant departments and business units of the Group based on the major ESG matters that had been assessed.

During the Reporting Period, our assessment standards, methodologies, calculation tools, source of conversion factors used are mainly based on the document "How to prepare an ESG Report" issued by the Stock Exchange. The Group has evaluated the materiality and importance in ESG aspects through the following steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritization with stakeholder engagement; and (3) validation and determining material ESG issues based on the results of communication among stakeholders and the management. Reducing and controlling emissions of gas remains a top priority for the Group by having in place policies and indicators in specific areas to encourage green gas emission reduction, recycling and sustainability.

The Maritime Safety Information (MSI) environment protection monitoring handbook and Energy Efficiency Operational Indicator (EEOI) & CO_2 emission monitoring report provided the quantitative information for the reporting of emissions. The collected data can use both for environmental protection and future improvements of the Group's vessels.

Secondly, the Group is committed to implementing the safety assessments in business processes comprehensively, through continuously improving its management systems and measures, aiming to achieve zero employee fatalities or injuries in business processes.

Moreover, the Group is also committed to minimizing pollution and contributing positively to the mother nature in every aspect of our operations. We strive to promote sustainable living among our stakeholders and the broader community.

Contact us

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with us via email at enquiries@asiaenergy351.com.

II. ENVIRONMENT

Major Scope & Aspects

The Group attaches high importance to environmental management in its businesses and formulates scientific environmental protection and measures by adopting the world's leading practices in its operation. The Group also endeavors to fulfil the social responsibility for environmental protection as its efforts to protect the Earth and build a sustainable future for its future generations. In order to monitor its environmental management and minimise the impacts of its business operation, the Group has formulated relevant policies for environmental management, while promoting employees' awareness on environmental protection and complying with relevant laws and regulations.

One of the principal businesses of the Group is provision of chartered vessels for the transportation of dry bulk cargoes as well as operation of international voyages. Our vessels are required to comply with the law of the countries while in the territorial waters of the respective countries. These laws, regulations and rules generally govern the legal requirements, technical standards, Health-Safety-Environmental (HSE) procedures and measures of vessel operation and are outlined below:

Laws/Regulations	**Description**
International Convention for the Prevention of Pollution from Ships ("MARPOL")	The prevention of marine environment pollution by vessels from operational or accidental causes regulates the emission of all forms of pollutants by vessels including oil, sewage, garbage and gas.
International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW Convention")	Standards for training, certification and watchkeeping for seafarers working on board of the vessels which operates on international voyages.
Convention on the International Regulations for Preventing Collisions at Sea ("COLREGS")	The road for vessels engaged on voyages on the high sea. It contains rules for steering and sailing, conduct of vessels in limited visibility etc.
International Convention on Load Lines	The limit to the draught to which a ship may be loaded, in addition to setting provisions to prevent water from entering a ship through doors, hatches, windows, ventilators etc.
International Safety Management Code for Safe Operation of Ships and for Pollution Prevention ("ISM Code")	The enhancement in greater responsibility to onshore management in respect of safe operation of ships as well as prevention of pollution.
Hong Kong Merchant Shipping (Safety) Ordinance (Chapter 369)	ESG Reporting Guide states that Hong Kong-registered vessels are required to be compliant with the applicable laws, regulations and requirements

The Group has established a set of policies and procedures in place with respect to the shipboard operation for each of the Group's vessels, as below:

1) Safety and environmental protection policy;

2) Instructions and procedures to ensure safe operation of ships and protection of environment in compliance with relevant international and flag state legislation;

3) Procedures for reporting accidents and non-conformities with the provisions of the ISM Code; and

4) Procedures of preparation for and response to emergency.

The Group's safety and environmental policies are implemented through its safety management system in place in compliance with the requirements of the ISM Code. Each of the Group's vessels have been awarded with and have maintained the relevant certificates issued by the American Bureau of Shipping and Lloyd's Register of Shipping pursuant to the ISM Code and MARPOL for compliance with various requirements relating to prevention of air pollution, oil pollution and other kinds of marine pollution.

During the Reporting Period, the Group has not committed to any material breaches of the relevant laws, rules and regulations concerning environmental protection.

1. Emissions

General Disclosures and KPIs

During the Reporting Period, the Company was principally engaged in the shipping and logistics businesses. Source of emissions arising come from fuel consumption in the use of the vessel engines, vehicles, electricity consumption at the offices and air travel by employees. The Group's operations, through consumption of various kinds of fossil fuel, inevitably release Nitrogen Oxides (NOx), Sulphur Oxides (SOx), Particulate Matter (PM) and Carbon Oxide (CO) into the air, which are considered to be one of the major sources of global warming. The Group is well aware of the impact of global warming on the planet Earth and all human. As such, the Group has been paying close attention to emissions to ensure that they comply with the industry standards, and that transparent data are communicated effectively throughout the Group to implement applicable changes, including reduction measures.

With the goal to reduce energy consumption and carbon emissions, the Group has formulated relevant rules and regulations for a sound and effective management of energy consumption, greenhouse gas ("GHG") emission, as well as discharge of domestic waste and sewage and other pollutants. The Group strictly complies with the environmental protection laws and regulation that are applicable to our business operations. Our Group's legal team have been working closely with our business units to assess the impact of those promulgated environmental protection laws and regulations such as the "Environmental Protection Law of the PRC", the "Prevention and Control of Atmospheric Pollution of the PRC", the "Prevention and Control of Water Pollution of the PRC", the "Prevention and Control of Environmental Pollution by Solid Waste", the "National Environmental Emergency Response Plan", the Air Pollution Control Ordinance ("Cap.311 of the Laws of Hong Kong"), the Water Pollution Control Ordinance ("Cap.358 of the Laws of Hong Kong") and the Waste Disposal Ordinance ("Cap.354 of the Laws of Hong Kong") etc.

During the Reporting Period, the Group complied with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

1.1 *Key Performance Indicators ("KPIs") of Emission Management*

Types of emissions and respective emissions data

Air pollutants

The emission of air pollutants by vessels is relatively lower when compared with other means of transportations, air pollution is however unavoidable during the operation of the vessel, though not detrimental under control. With respect to the vessels operating in Hong Kong. All of the vessel engines, including both main and auxiliary installed on self-owned vessels, in accordance with the revised all applicable marine diesel engines comply with the relevant limiting emission values of NOx as specified within regulation by the Hong Kong Shipping Ordinances ("13 of Annex VI of NOx Technical Code 2008"). It is a requirement that the Group's ship management company takes relevant measures to minimise the release of pollutants into the air by continuously monitoring the efficiency of vessel equipment. The ship management company have been recorded vessels' rated power and speed to ensure to minimize the emission of NOx. They also regularly conduct tank cleaning, cargo measurement, sampling and gas freeing operations to reduce the emission of cargo vapour and inert gas into the atmosphere.

GHG emission

Fuels combustion for powering engines is the major source of greenhouse gas of the Group's vessel. The ship consumes low-sulphur fuel oil with a sulphur content lower than 3.50% m/m (before 1 January 2020) or 0.50% m/m when operating outside of an Emission Control Area; and no more than 1% m/m (before 1 January 2015) or 0.10% m/m when operating inside an Emission Control Area, as specified in regulation 14.3 of Annex VI to the MARPOL Convention. The vessel also adopts weather routing, which is a means to minimize the usage of fuels by planning routes according to the weather, in a bid to lower the GHG emission. For the vessels' operation, both of the Group and its ship management company ensure compliance with all applicable environmental and related legislation by monitoring energy efficiency, as a result the collected data can also use for further improvements.

In addition, the use of battery, business travel and the disposal of paper during the daily operations also play a small part in the GHG. The Group has actively adopted the electricity-saving and energy-saving measures to reduce GHG emissions at the headquarter, including:

- Turning off equipment, machines and electronic devices after office hours;

- Making fully use of the online system in the offices, general transaction notification, data transmission, etc. through the network system;

- Using telecommunication system and video conferencing to replace unnecessary travel arrangements wherever appropriate and possible;
- Requiring employees to copy or print on both sides as much as possible;
- Using both sides of offices paper as much as possible;
- Collecting and recycling waste paper by the administrative department; and
- Disposing of waste packaging boxes as "recyclable" waste.

The approximately 22% decrease in the total GHG emission in 2021 was mainly due to the effective energy-saving strategies implemented by the Group during the year.

The following table summarizes the KPIs of the Group's overall emission management:

	Total emissions (in tonnes)	
Types of emission	**2021**	2020
Air emission[1]		
Nitrogen Oxides (NO_x)	**699.95**	899.07
Sulphur Oxides (SO_x)	**65.20**	82.66
Particulate Matter (PM)	**63.33**	81.34
GHG emission[2]		
Direct GHG emission (Scope I) – fuel consumption	**22,003.02**	28,358.53
Indirect GHG emission (Scope II) – electricity consumption	**810.25**	751.63
Other Indirect Emission (Scope III) – Waste	**1.46**	2.05
Total GHG emission	**22,814.73**	29,112.21
Intensity of GHG emission – Quantity per HKD 1 million of revenue[3]	**352.58**	607.77

Note:

1. The data of vessel's emissions was from the Maritime Safety Information (MSI) environment protection monitoring handbook and Energy Efficiency Operational Indicator (EEOI) & CO_2 emission monitoring report.

2. Greenhouse gas emission data are presented in terms of carbon dioxide equivalence with reference to the requirements of, including but not limited to, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (《溫室氣體盤查議定書：企業會計與報告標準》) published by the World Resources Institute and the World Business Council for Sustainable Development, the Reporting Guidance on Environmental KPIs (《環境關鍵績效指標匯報指引》) published by the Stock Exchange and the 2017 Sustainability Report published by CLP Power Hong Kong Limited.

3. During the Reporting Period, the total revenue of the Group was approximately HKD 64,708,000 (2020: HKD 47,904,000). Other intensity data in the ESG Report are also measured using this data.

Waste management

The Group adheres to the principles of waste management and is committed to a sound and proper management of all waste generated during the business operations.

The practice of waste management is compliant with laws and regulations relating to environmental protection. The Group has also implemented policies to reduce waste generation through environmental education, aiming at waste management from the source.

During the Reporting Period, the Group's waste treatment meets the requirements of relevant laws and regulations.

Hazardous waste

The disposal of hazardous waste is the responsibility of an independent third party and the business partner. Some hazardous waste (such as waste oil rag, organic cleaning waste liquid, waste day light tube, waste empty container, waste dry battery, waste washing machine water and waste engine oil) must be isolated and stored in a designated container to prevent leakage and be recycled and disposed of by a licensed waste collector. The Group also arranges adequate training for its employees to ensure their safety and prepare emergency response plans to prevent leakage.

Non-hazardous waste

Non-hazardous wastes such as metals, waste residues, plastics, paper and general waste are properly classified according to recyclable waste and non-recyclable waste, and are stored in designated collection areas. The collected recyclable waste is then periodically recycled by the waste collector. The Group identifies and classifies waste, centrally stores it, and disposes it in a unified manner. The persons in charge dispose of waste in a timely manner and maintain environmental sanitation around them.

In addition, the Group is committed to establishing electronic and green headquarter operations:

- Making full use of the online system in the offices, general transaction notification, data transmission, etc. through the network system;
- Requiring employees to copy or print on both sides as much as possible;
- Using both sides of offices paper as much as possible;
- Collecting and recycling waste paper by the administrative department; and
- Disposing of waste packaging boxes as "recyclable" waste.

The approximately 38% decrease in the hazardous waste discharge and the approximately 5% decrease in the non-hazardous waste discharge in 2021 were mainly due to the effective waste management strategies implemented by the Group during the year.

The table below sets out the data on total waste discharge of the Group during the Reporting Period:

	Unit (in Kg)	
Each waste discharge	**2021**	2020
Type of hazardous waste		
– waste dry battery	**0.50**	0.88
Intensity – Quantity (Kg) per HKD 1 million of revenue	**0.01**	0.02
Type of non-hazardous waste		
– Paper	**261.95**	274
– General waste	**984**	984
Intensity – Quantity (Kg) per HKD 1 million of revenue	**19.26**	26.28

Sewage discharge

With respect to the sewage management, which is handled by the responsibility of an independent third party and the business partner ensure all domestic sewage is discharged into the urban sewage pipe network for the proper sewage treatment.

During the Reporting Period, the Group's wastewater treatment meets the requirements of relevant laws and regulations.

2. Use of Resources/Energy Efficiency Management

General Disclosures and KPIs

2.1. Energy Consumption

The main types of energy consumed by the Group in its operations include diesel fuel, unleaded petrol and electricity. During the Reporting Period, the approximately 7% increase in electricity. Its demand for electricity is especially great. Consumption was mainly attributable to increased office activities. The Group saves energy and reduces consumption of it through technological upgrade, equipment renewal and enhancement of energy utilization efficiency. The Group endeavours to conserve energy saving effectively and implement procedures to control the energy resource.

The table below sets out the data on energy use and emission of the Group during the Reporting Period:

		Consumption	
Types of energy	**Unit**	**2021**	2020
Diesel fuel	L	**8,332,000**	10,703,000
Intensity – Unit per HKD 1 million of revenue	L	**128,763.06**	223,444.68
Unleaded Petrol	L	**15,038**	14,186
Intensity – Unit per HKD 1 million of revenue	L	**232.40**	296.16
Electricity	kWh	**1,025,639**	951,430
Intensity – Unit per HKD 1 million of revenue	kWh	**15,850.27**	19,862.84

In addition, the Group aims to motivate its employees to participate in resources conservation activities. the Group has advocated various energy conservation strategies. The temperature of air-conditioning is maintained at an energy efficient level at around 25 degrees Celsius. Lightings and electrical appliances also shall be switched off before leaving the office after work. An energy-saving mode is set on computers when they are not in use for a long period of time.

2.2 Water Consumption

During the Reporting Period, there was no major problem about sourcing water that is fit for use in its operations. As for the offices of the Group, due to the nature of the operations, water consumption mainly arises from the daily use of water by the employees at the offices during working hours, and the domestic sewage is directly discharged into municipal sewage pipelines.

As the Group rented an office premise from an independent third party and paid management fee for the use of the common water facilities so data for the water consumption was not available.

2.3 Paper Consumption

The Group is committed to a paperless operation, constantly encouraging all employees to reduce paper usage through duplex printing, paper recycle and frequent use of electronic information systems for material sharing or internal administrative documents. Reusable paper products, such as envelopes, are properly recycled whereas the use of disposable paper products, such as paper cups and paper towels, are discouraged wherever possible and appropriate during the operation.

In addition, due to the nature of business, the Group does not involve any purchase of packaging materials. Therefore, this disclosure is not applicable to the Group.

3. Environmental Protection and Natural Resources Conservation

General Disclosures and KPIs

Shipping and logistics businesses drives global trade, nevertheless, the industries still generate negative impacts on the marine environment. The Group is highly aware of the adverse impact on the environment and natural resources, and thus taking steps to minimize those negative footprints by the operation. In addition to compliance with relevant environmental laws and regulations, the Group has integrated the concept of environmental protection into its internal management and daily operation with an objective of achieving environmental sustainability including prevention measures and planned maintenance system (PMS).

3.1. Prevention Measures

The Group's shipping and logistics business adversely impacts the marine environment, through the form of, such as, air pollution, greenhouse gas emissions, releases of ballast water containing aquatic invasive species, historical use of antifoulants, oil and chemical spills, dry bulk cargo releases, garbage, underwater noise pollution, ship-strikes on marine megafauna, risk of ship grounding or sinking and widespread sediment contamination of ports during trans-shipment or ship breaking activities.

The Group requires its vessels to meet the requirements of oil pollution prevention certificates which provide assurance to the structure, equipment, systems, fittings, arrangement and materials of the vessels it operate. The awarded certificates are summarised as below:

Certificate(s)	Vessel
Under the provisions of the International Convention	MV Clipper Selo
For the Prevention of Pollution from Ships (IOPPC)	MV Clipper Panorama

The Group requires all crews to perform regular assessment of pollution prevention measures. Further technical support will be sought if necessary. Operators are professionally trained to handle various emergency situations with due care.

3.2. *Planned Maintenance System (PMS)*

The Group executed the Planned Maintenance System for all vessels which allows operators to plan, perform and document vessel maintenance at intervals complying with Class and manufacturer requirements. With such a systematic approach to maintenance in place, the Group believes that we not only ensure safe and reliable vessel operations, including compliance with all applicable regulations, safety and environmental objectives set out in the ISM Code but also effectively provide a protection to the Group's assets.

In the future, the Group will continue the commitment in environmental protection and strive to build a greener and healthier environment to fulfil the responsibilities as a member of the earth we all live in.

4. Climate Change

Adhering to the vision of sustainable transportation, the Group manages and discloses climate change risks and opportunities. It provides information and implemented the "Responding to Climate Change" to relevant stakeholders to understand the risks, impacts and opportunities that climate change brings to its business, as well as the steps taken to manage these risks, were as follows:

4.1 *Impacts on Operational Aspects of Physical Risks*

1) Climate is increasingly recognized and receiving attention around the world. The Group had launched various mid-ocean routes to operate them. To reduce the global warming impact, those routes must take measures to protect the safety of people, ships, and goods.

2) Super typhoon and flood may be an extreme weather in Hong Kong. It can cause serious impacts on the office operations. Office windows and vehicles may be broken due to heavy wind and rain. The Group's equipment, documents, systems, back up storage may be destroyed as a result of typhoon and flood.

4.2 Impacts on Financial Aspects of Transformation Risks

1) In June 2021, IMO adopted key short-term measures aimed at cutting the carbon intensity of all ships by at least 40% by 2030. These measures combine technical and operational approaches to improve the energy efficiency of ships, which are increasing operating costs.

2) During severe weather, heating oil prices can temporarily go higher. Increasing oil prices drives up operating costs due to changes in investment costs; this is reflected in the shipping cost, in turn affecting the preferences and support of the customers.

4.3 Steps Taken to Manage the Risks:

1) Minimizing environmental impact using low environmental impact materials is beneficial for maintaining global ecology and sustainable development. The Group had launched a study to convert to low-sulfur fuel oil and our entire fleet switched to low-sulfur fuel oil from 2019.

2) Engaging in renewable energy technologies and adopting energy-saving measures will enhance the performance in customer service, operations, and adaptability. Dedicated to saving energy, reducing carbon and GHG emissions. For detailed descriptions and measures, please to refer to Section II. Environment Aspect.

3) Office will take sufficient and necessary measures when there is an announcement of typhoon and flood. All documents will be stored in a proper manner and kept away from the window. All vehicles move to safe places. Additionally, the electronic version of the documents will also be saved for backup. The backup will be kept by the senior management and stored in centralized backup of internal network.

4.4 Metrics and Targets

The Group adopts the key metrics to measure and manage climate-related risks and opportunities. The company's financial risk management practices have been focused on addressing unexpected occurrences in the financial market and exploring solutions to mitigate the adverse impacts on our financial position and performance. The Group addresses climate change risks as part of the corporate risk management process.

By setting metrics, it's possible to measure, track and report for the investors, employees, government and other stakeholders.

III. SOCIAL

Major Scope & Aspects

The Group makes an effort to provide a safe working environment for the employees and to care for the overall wellbeing of the employees. In relation to employment and labour practices, the human resource department focuses on employment, health, safety, development and training. The Group complies with laws and regulations on compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity and other benefits as well as anti-discrimination law.

1. Employment and Labour Practices

General Disclosure

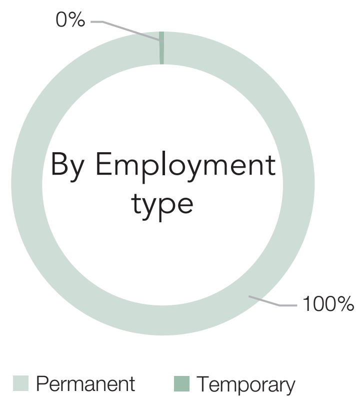
The Group strictly follows the relevant laws and regulations. The Group determines salaries on the principle of fairness and ensures that wages are no lower than the minimum wage stipulated by law. Wages in related markets are also referenced, so that the Group can provide attractive compensation. The Group offers a variety of allowances to qualified employees, and provides staff members with retirement protection plans, as stipulated by law and regulations. The Group welcomes diversity in its staff members. Regardless of ethnicity, religion, gender or age, all people receive equal employment opportunity in such matters as recruitment, development, promotion and training.

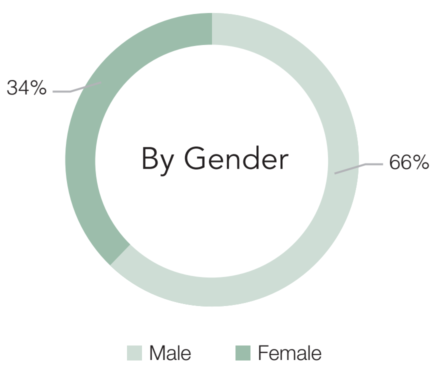
During the Reporting Period, the Group had hired 41 employees (2020: 20 employees) after the business restructure. All employees are from different provinces in the PRC and Hong Kong. There was zero turnover rate. The Group decides the remunerations payable to its staff based on their duties, work experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees.

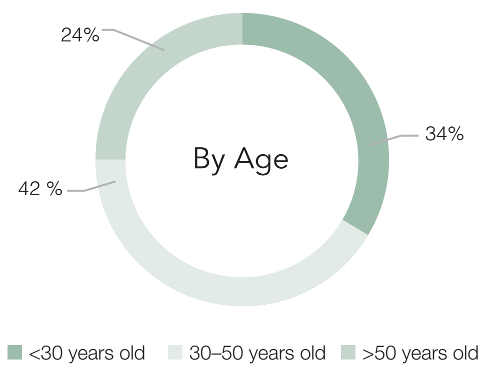
The Group complies with the relevant employment laws and regulations throughout the Reporting Period, including the Labour Law of the PRC (the "Labour Law"), the Labour Contract Law of the PRC (the "Labour Contract Law"), the Mandatory Provident Fund Schemes Ordinance ("Chapter 485 of the Laws of Hong Kong") by participating in the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") for the eligible employees, the Minimum Wage Ordinance ("Chapter 608 of the Laws of Hong Kong"), the Employment Ordinance ("Chapter 57 of the Laws of Hong Kong") (the "EO") and the Employees' Compensation Ordinance ("Chapter 282 of the Laws of Hong Kong") (the "ECO") by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to the employees.

The table below sets out the employees are classified by employment type, gender and age group of each of the Headquarter Operation of the Group during the Reporting Period:

	By Employment type		By Gender		By Age		
	Permanent	Temporary	Male	Female	<age 30	Age 30-50	>age 50
Total employees	41	0	27	14	14	17	10







During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources.

Equal opportunities and anti-discrimination

With an objective to uphold an open, fair, just and reasonable human resource policy, the Group recruits and promotes employees based on virtues, skillsets and experience, irrespective of gender, age, race, religion, political affiliation, national origin, and/or disability.

The Group constantly monitors its employees' performances. Newly admitted employees will have a 3-month probation period and then they will be able to join the Group, permanently.

The Group also provides comprehensive support for its female employees. It provides comprehensive support for pregnant employees in accordance with the law. The female employees are allowed to return to their original jobs after childbirth. Also, during their pregnancy period, the Group prohibits its pregnant employees from performing physically demanding assignments to ensure the safety of both the child and mother.

During the Reporting Period, we continued to strictly follow the relevant laws and regulations and our employment policies, providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, to recruit and retain our experienced employees. We also provided a formal complaints procedure for employees to express their opinions.

2. Health and Safety

General Disclosure

The Group puts particular emphasis on health and safety and attaches great importance to health protection and a safe working environment as it firmly upholds the principle of "safety first and prevention prevails". The Group complies with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), by ensuring that the employees are working in a safe environment; as well as providing induction programs and safety training programs to new employees such that they can be familiar with the corporate policies in relation to health and safety matters as quickly as they can.

In addition, the Group maintains the risk management system including identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries. The Group has taken the following measures:

- Installing air purifiers in relatively crowded areas such as conference and meeting rooms;
- Prohibiting smoking and abuse of alcohol and drugs in the workplace;
- Providing clean and tidy rest area such as corridors and pantry;
- Providing adjustable chairs and monitors for eye protection;
- Setting up posters of proper working postures and lifting method accessible on the intranet and at appropriate locations in offices;

- Conducting fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency; and

- Improving the fire evacuation plans by providing first aid kits and fire extinguishers in workplace in response to emergencies.

In order to deal with the outbreak of COVID-19, the Group has implemented several measures including but not limited to requiring daily health declaration, keeping social distancing between staffs of at least 1.5 metres, adopting work from home arrangements etc. for preventing the spread of virus.

In the past of five years, the Group never encountered any material injuries or casualties. In addition, the Group never record any accidents that resulted in death or serious bodily injury, did not pay any reimbursements or compensations to the Group's employees due to such accidents, and was not aware of any major violations against laws and regulations related to employees' health and safety.

3. Development and Training

General Disclosure

Talent development is an important part of the Group's strategy for managing human resources. Being closely related to corporate sustainable development, training can enhance the overall quality of staff members, and this enables them to adapt to new job requirements, as well as improve their capabilities to perform their current duties. It can also help staff members to seize opportunities for promotion and meet their aspirations for career. The Group provides effective training for staff members and formulates a clear path for promotion to ensure that the staff members are equipped with the necessary skills. This also helps the Group to groom outstanding staff to be the successors and foster enthusiasm for learning within the Group.

To match the Group's development strategy and meet the demand for training, the human resources and administrative personnel collaborate with various departments to provide regular and ad hoc training for different types of employees so that they can meet the specific requirements of their positions. The Group encourages and supports employees to participate in personal and professional trainings in response to the relevant evolving market needs, such as changes in laws and regulations, market trends, product trends and customer behaviours. Based on the needs of individual employees, the Group also provides education allowances to facilitate improvement of their job skills and encourage them to maintain the non-stop learning spirit.

Furthermore, the Group is committed to supporting its employees to maintain a family-friendly work environment because it respects their roles and responsibilities in their families. The Group strives to make sure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. The Group brings in new recruits and equip them with necessary skill sets to develop a long-term rewarding career with it.

4. Labour Standards

General Disclosure

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labour and forced labour. New employees are required to provide true and accurate personal data when they are onboard. Recruiters should strictly review the entry documents including medical examination certificates, academic certificates and identity cards. The Group constantly rejects to engage business partners & suppliers, that hire child labour or forced labour in their operations, to provide administrative supplies and services.

The Group strictly complies with the relevant laws and regulations, including but not limited the "Provisions on the Prohibition of Using Child Labour of the PRC" and the Employment Ordinance ("Cap. 57 of the Laws of Hong Kong").

During the Reporting Period, no material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

5. Supply Chain Management Mechanism

General Disclosure

The Group believes the value in ethics, honesty and integrity, operating in compliance with applicable laws and regulations. The Group encourages the business partners/suppliers to adopt the best environmental and social practices and to disseminate the pursuit of sustainability into the core business. We collaborate closely with business partners, suppliers and contractors through an improved market management and centralized procurement system. Advanced technology is also widely utilized in all operations to monitor all purchases and sales transactions. All our processes for procurement, price control, resource management are carefully monitored and documented. In order to guarantee the safety of our products and services, every single purchase is registered with the authority before being put to use and sold. We try to reduce the environmental impact of our supply chain by reducing waste and improving the efficiency with which resources such as water and energy are used. We examine opportunities for reuse and recycling of materials and packaging.

In addition to purchasing products and services according to the specified standards, we have developed business partners, suppliers and contractors' selection mechanism in which we require our potential contractors or suppliers to comply with all the applicable laws and regulations and confirm their compliance with safety, environment, and social aspects. Inspection and assessments may be conducted by the Group if deemed necessary. We insist that our suppliers have policies designed to reduce waste, raw material use and energy and water consumption, and to use renewable resources wherever possible. We are obliged to terminate the cooperation contract with business partners, suppliers and contractors that may cause or have caused serious pollution or serious social accidents.

The Group continues to promote 100% the localization of suppliers. Under the same terms and conditions, we prioritized a mutually beneficial partnership with local suppliers. With the application of scientific technology in logistic management, the Group are committed to shortening material delivery time, while controlling warehouse storage and delivery pressure, reducing vehicle emissions and negative impact on the environment.

The Group believes that, through the above review process, we can minimise the potential environmental and social risks associated with the supply chain management.

6. Product Responsibility

General Disclosure

To be a successful business, the Group maintains continuous communication with the customers to ensure that it understand and fulfil their needs and expectations, so that it can improve the quality of our services in the long run. The Group is committed to the highest standards of service it delivers.

PRC region

The operation in the PRC complies with relevant laws and regulations in relation to advertising, labelling and consumer protection, such as "Consumer Protection Law of the PRC", the "Advertising Law of the PRC", and the "PRC Product Quality Law", by ensuring that there are no false and misleading messages in our advertisements and promotion activities.

Hong Kong region

In Hong Kong, the Group complies with relevant laws and regulations, for instances, the Trade Description Ordinance ("Cap. 362 of the Laws of Hong Kong"). The Group also carries out continuous and regular assessment of the product quality and review of opportunities for improvements and changes.

Feedback Management

The Group has set up various complaints and feedback channels, such as guest comment cards, telephone hotline, social media channels, emails and websites, to collect suggestions and advice from customers.

Privacy Protection

The Group is committed to compliance with the privacy laws and regulations. The Group undertakes to strictly comply with the requirements of the Personal Data (Privacy) Ordinance ("Cap. 486 of the Laws of Hong Kong"), to ensure that all data are securely kept in our internal system with access control.

The Group also set out data privacy requirements in our corporate policies, under which customer and supplier data would be used exclusively for matters relating to the Group's operation only. The Group strives to ensure all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

Intellectual Property Rights Management

The Group relentlessly reinforces the protection of intellectual property rights. Pursuant to the "Patent Law of the PRC", the "Trademark Law of the PRC", the "Patents (Amendment) Ordinance 2016" of Hong Kong and the "Patents (General) (Amendment) Rules 2019" of Hong Kong and other relevant laws and regulations, the Group has established and perfected an intellectual property rights management system that clearly stipulates regulations and requirements for the application, management, use and protection of customers' and its own intellectual property rights. This management system successfully raised the awareness of the entire staff about intellectual properties and trademarks, fully actualised the value of intellectual property rights in its operation, and thus protected its corporate interests.

During the Reporting Period, there were no cases of product recall nor complaints received against our services due to health and safety issues during.

7. Anti-corruption Mechanism

General Disclosure

Ethics and integrity are the cornerstones of the Group's success. The Group adopts a zero-tolerance approach to bribery, extortion, fraud and money-laundering. All Directors, management personnel and staff members must comply with all relevant national and local laws and regulations on preventing bribery, extortion, fraud and money-laundering in regions and areas where they operate businesses. The Employee Handbook has been developed and updated to reflect the spirits and provisions of the Prevention of Bribery Ordinance ("Cap. 201 of the Laws of Hong Kong)". All employees, not only have responsibility to understand and comply with above policies, but also have an obligation to report violation, to the senior management of the Group. Any person, who contravenes the regulations will be reported to the authorities.

In order to strengthen the anti-corruption measures, the Board has delegated a team to carry out anticorruption measures, commence special issues auditing and supervision processes in due course, investigate loopholes and rectify faults, and review the legality, reasonableness of practices and stringency of implementing anti-corruption measures in respective businesses. The management of each subsidiary of the Group also dedicates itself to promoting an anti-corruption culture and carrying out the anti-corruption measures. The Group establishes and improves various internal systems to specify the anti-corruption management disciplines and conduct requirements of the Company, so that corruption can be eliminated with the help of an established system and better management approach.

Meanwhile, the Group participated in anti-corruption training, campaigns to educate all employees on how to comply with law and case analysis so as to promote the importance of anti-corruption practices. The Group sets up various channels such as telephone hotlines, an email address and mailbox for whistleblowing. Dedicated staff members collect and sort reported information on a regular basis, as well as oversee and investigate reported matters referred to the audit department. The Group also adopts various measures to encourage staff members to proactively report acts of violation of rules and regulations, and strengthens the privacy protection of the whistleblower.

During the Reporting Period, the Group was not aware of any corruption litigation cases against the Group or its staff members.

8. Community Investment

General Disclosure

The Group promotes the social contribution of all members. We attach great importance to inspire a sense of social responsibility in employees and encourage them to make greater contribution to our community both at work and in their spare time. Looking ahead, the Group will continue to focus on community services, motivate employees to actively participate in volunteer services in the future. We strive to increase our social investment to create a better environment for our community as well as our business.

In addition, the Company maintains an open channel of communication with its stakeholders and communities to understand their motivations, goals and needs through continuous conversation in order to achieve the Group's contributions in corporate social responsibility activities.

IV. ESG GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Aspects, General Disclosures and KPIs	Description	Relevant pages in the ESG Report & Remark
A	Environment	P 47-55
Aspect A1	Emissions	P 48
KPI A1.1	Types of emissions and respective emissions data	P 49-50
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P 50
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	P 52
KPI A1.4	Total non-hazardous waste produced and intensity	P 52
KPI A1.5	Description of measures to mitigate emissions and results achieved	P 48-50
KPI A1.6	Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved	P 51-52
Aspect A2	Use of Resources	P 52-53
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	P 52
KPI A2.2	Water consumption in total and intensity	Not applicable to the Group's core operation.
KPI A2.3	Description of energy use efficiency initiatives and results achieved	P 53
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	P 53
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Not applicable to the Group's core operation.

Aspects, General Disclosures and KPIs	Description	Relevant pages in the ESG Report & Remark
Aspect A3	The Environment and Natural Resources	P 53-54
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	No significant impacts of activities on the environment and natural resources during the Reporting Period.
Aspect A4	Climate Change	P 54-55
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P 54-55
B	Social	P 56-63
Employment and Labour Practices		P 56-60
Aspect B1	Employment	P 56-58
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	P 57-58
KPI B1.2	Employee turnover rate by gender, age group and geographical region	None employee turnover during the Reporting Period.
Aspect B2	Health and Safety	P 58-59
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	None of work-related fatalities during the Reporting Period
KPI B2.2	Lost days due to work injury	None of days due to work injury during the Reporting Period
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P 58-59

Aspects, General Disclosures and KPIs	Description	Relevant pages in the ESG Report & Remark
Aspect B3	Development and Training	P 59
KPI B3.1	The percentage of employees trained by gender and employee category	P 59
KPI B3.2	The average training hours completed per employee by gender and employee category	P 59
Aspect B4	Labor Standards	P 60
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	P 60
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	P 60
Operating Practices		P 60-63
Aspect B5	Supply Chain Management	P 60
KPI B5.1	Number of suppliers by geographical region	P 60
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	P 60
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P 61
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P 61
Aspect B6	Product Responsibility	P 61
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to the Group’s core operation.

Aspects, General Disclosures and KPIs	Description	Relevant pages in the ESG Report & Remark
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	No products and service-related complaints received during the Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Not applicable to the Group's core operation.
KPI B6.4	Description of quality assurance process and recall procedures	Not applicable to the Group's core operation.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	P 62
Aspect B7	Anti-corruption	P 62-63
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	No concluded legal cases regarding corrupt practices during the Reporting Period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P 62
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P 62
Aspect B8	Community Investment	P 63
KPI B8.1	Focus areas of contribution	P 63
KPI B8.2	Resources contributed to the focus areas	P 63

Independent Auditor's Report

Mazars CPA Limited
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To The Members of **Asia Energy Logistics Group Limited**
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Asia Energy Logistics Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 74 to 148, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of vessels *Refer to note 15 to the consolidated financial statements*	
As at 31 December 2021, the carrying amounts of vessels amounted to HK$153,492,000, which accounted for 60% of the Group's total assets. Management has performed an impairment assessment in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets". The Group engaged an independent professional valuer to assess the recoverable amounts of the vessels, which involved fair value calculations using market approach. These calculations involved exercise of significant judgements and key assumptions by making reference to comparable transactions in the relevant markets. We have identified the impairment assessment of vessels as a key audit matter because of its significance to the consolidated financial statements and significant management judgements and estimations in the recoverable amount calculations.	Our key procedures, among others, included: – Assessing the competence, objectivity and capabilities of the independent professional valuer; – Assessing the appropriateness of the methodologies used; – Evaluating the reasonableness of the key assumptions and critical judgement areas underpinning the fair value calculations; and – Checking arithmetic accuracy and relevance of the input data (including the comparable transactions) used.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Determination of whether the Group has control over a subsidiary governed under a series of contractual arrangements *Refer to notes 4 and 36 to the consolidated financial statements* The Group, through its indirect non-wholly owned subsidiary, Beijing Beixi Business Consultancy Co., Ltd. ("Beixi Business")（北京北西商務諮詢有限公司）, entered into a series of contractual arrangements (the "Contractual Arrangements") with Beijing Beishang Xidian Technology Co., Ltd.* ("Beishang")（北京北商西電科技有限公司）and the legal shareholders of Beishang. The Group, through the Contractual Arrangements, has exposure and rights to variable returns from its involvement with Beishang and has ability to affect those returns through its power over Beishang. Therefore, the Group is considered to have control over Beishang. In determining the extent of the Group's involvement with and control over Beishang, the management considered a number of factors including whether the Group has: (i) exercise effective financial and operational control over Beishang; (ii) exercised equity holders' voting rights of Beishang; (iii) received substantially all of the economic interest returns generated by Beishang in accordance to the amount of equity interest held by the Group and/or the Contractual Arrangements; (iv) obtained an irrevocable and exclusive right to purchase the remaining entire equity interest in Beishang from the respective equity holders; and (v) obtained a pledge over the entire equity interest of Beishang from their respective equity holders under the Contractual Arrangements, as appropriate. We identified the above matter as a key audit matter because Beishang is material to the Group and the determination of whether the Group has power to control over Beishang involves a significant degree of management's judgement.	Our key procedures, among others, included: – Evaluating the terms in the Contractual Arrangements in connection with the Group's control over Beishang; – Understanding how the Group controls the daily business operation and financing activities of Beishang; – Evaluating the management's assessment in relation to the control over Beishang according to HKFRS 10; – Obtaining a legal opinion from the Company's PRC legal counsel regarding whether the Contractual Arrangements are in compliance with relevant PRC laws and regulations and are legally binding and enforceable; and – Evaluating the Company's PRC legal counsel's competence, capabilities and objectivity.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2021 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. Those charged with governance assist the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 18 March 2022

The engagement director on the audit resulting in this independent auditor's report is:

So Chun Wai
Practising Certificate Number: P07513

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Continuing operations			
Revenue	6	64,708	47,904
Cost of services		(68,307)	(45,456)
Gross (loss) profit		(3,599)	2,448
Other income	7	2,741	2,647
Depreciation	8(c)	(4,942)	(3,106)
Legal and professional fee	8(c)	(3,630)	(4,052)
Motor vehicles expenses	8(c)	(1,604)	(494)
Staff costs	8(b)	(24,831)	(15,745)
Impairment loss on other receivables		–	(3,002)
Change in fair value of financial assets at FVPL		2,733	3
Change in fair value of derivative components of GIC Convertible Bonds		–	(11,705)
Gain on derecognition of a subsidiary		–	11,722
Loss on early redemption of the GIC Convertible Bonds, net		–	(882)
Loss on early repayment of the 2018 Convertible Bonds		–	(2,235)
Gain on early repayment of the 2019 Convertible Bonds		–	1,500
Amortisation of deferred day-one loss of the 2020 Convertible Bonds	23	(3,425)	(1,569)
Other administrative and operating expenses		(9,806)	(6,414)
Finance costs	8(a)	(7,077)	(17,568)
Loss before tax from continuing operations	8	(53,440)	(48,452)
Income tax expense	11	–	–
Loss for the year from continuing operations		(53,440)	(48,452)
Discontinued operations			
(Loss) Profit for the year from discontinued operations	13	(1,080)	159,674
(Loss) Profit for the year		(54,520)	111,222
Other comprehensive income (loss)			
Exchange reserve released upon derecognition of subsidiaries		–	(12,502)
Exchange difference arising on translation of financial statements of foreign operations which may be reclassified subsequently to profit or loss		823	2,903
		823	(9,599)
Total comprehensive (loss) income for the year		(53,697)	101,623

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
(Loss) Profit attributable to owners of the Company:			
– from continuing operations		(52,719)	(48,452)
– from discontinued operations		(1,080)	159,674
		(53,799)	111,222
Loss attributable to non-controlling interests:			
– from continuing operations		(721)	–
– from discontinued operations		–	–
		(721)	–
Total comprehensive (loss) income attributable to:			
– Owners of the Company		(53,086)	101,623
– Non-controlling interests		(611)	–
		(53,697)	101,623
(Loss) Earnings per share attributable to owners of the Company			
Basic and diluted			
– from continuing operations (HK cents)	14	(3.11)	(4.65)
– from discontinued operations (HK cents)	14	(0.06)	15.33
		(3.17)	10.68

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	15	153,749	162,889
Intangible asset	16	1,000	1,000
Right-of-use assets	17	8,520	2,187
Goodwill	18	1,026	–
		164,295	166,076
Current assets			
Trade and other receivables	19	8,743	8,007
Financial assets at FVPL	20	28,267	4,522
Bank balances and cash	30	53,378	76,754
		90,388	89,283
Asset classified as held for sale		–	24,858
		90,388	114,141
Current liabilities			
Trade and other payables	21	15,700	9,603
2019 Convertible Bonds	22	435	–
Lease liabilities	34(a)	4,879	1,192
		21,014	10,795
Net current assets		69,374	103,346
Total assets less current liabilities		233,669	269,422
Non-current liabilities			
2019 Convertible Bonds	22	–	370
2020 Convertible Bonds	23	31,202	21,784
Lease liabilities	34(a)	4,078	1,164
		35,280	23,318
NET ASSETS		198,389	246,104

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	24	1,906,379	1,906,379
Reserves		(1,713,361)	(1,660,275)
Equity attributable to owners of the Company		193,018	246,104
Non-controlling interests	25	5,371	–
TOTAL EQUITY		198,389	246,104

These consolidated financial statements on pages 74 to 148 were approved and authorised for issue by the Board of Directors on 18 March 2022 and signed on its behalf by

Pang Yuet
Director

Hui Wai
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Attributable to owners of the Company								
	Share capital HK$'000	Capital reserve HK$'000	Convertible bonds reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity (deficits) HK$'000
As at 1 January 2020	1,709,316	4,190	55,383	38,654	9,674	(1,878,183)	(60,966)	–	(60,966)
Profit for the year	–	–	–	–	–	111,222	111,222	–	111,222
Other comprehensive (loss) income for the year									
Derecognition of subsidiaries	–	–	–	–	(12,502)	–	(12,502)	–	(12,502)
Exchange difference arising from translation of foreign operations	–	–	–	–	2,903	–	2,903	–	2,903
	–	–	–	–	(9,599)	–	(9,599)	–	(9,599)
Total comprehensive income for the year	–	–	–	–	(9,599)	111,222	101,623	–	101,623
Transactions with owners of the Company									
Contributions and distributions:									
Shares issued on subscription, net of expenses (note 24)	172,930	–	–	–	–	–	172,930	–	172,930
Shares issued on placing, net of expenses (note 24)	24,133	–	–	–	–	–	24,133	–	24,133
Cancellation/Lapse of share options	–	–	–	(38,654)	–	38,654	–	–	–
Early redemption of the GIC Convertible Bonds	–	–	(35,043)	–	–	28,890	(6,153)	–	(6,153)
Early repayment of the 2018 Convertible Bonds	–	–	(5,572)	–	–	4,577	(995)	–	(995)
Early repayment of the 2019 Convertible Bonds (note 22)	–	–	(14,594)	–	–	(118)	(14,712)	–	(14,712)
Issuance of the 2020 Convertible Bonds (note 23)	–	–	30,244	–	–	–	30,244	–	30,244
	197,063	–	(24,965)	(38,654)	–	72,003	205,447	–	205,447
As at 31 December 2020	1,906,379	4,190	30,418	–	75	(1,694,958)	246,104	–	246,104

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Attributable to owners of the Company							
	Share capital HK$'000	Capital reserve HK$'000	Convertible bonds reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2021	1,906,379	4,190	30,418	75	(1,694,958)	246,104	–	246,104
Loss for the year	–	–	–	–	(53,799)	(53,799)	(721)	(54,520)
Other comprehensive income for the year								
Exchange difference arising from translation of foreign operations	–	–	–	713	–	713	110	823
	–	–	–	713	–	713	110	823
Total comprehensive loss for the year	–	–	–	713	(53,799)	(53,086)	(611)	(53,697)
Transfer	–	49	–	–	(49)	–	–	–
Transactions with owners of the Company								
Changes in ownership interests:								
Non-controlling interests arising from business combination (note 28)	–	–	–	–	–	–	5,982	5,982
As at 31 December 2021	1,906,379	4,239	30,418	788	(1,748,806)	193,018	5,371	198,389

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES			
Loss (Profit) before tax			
from continuing operations		(53,440)	(48,452)
from discontinued operations		(1,080)	159,674
Depreciation of property, plant and equipment		14,569	13,781
Finance costs		7,077	17,568
Bank interest income	7	(74)	(1)
Loan interest income		–	(476)
Amortisation of deferred day-one loss of the 2020 Convertible Bonds	23	3,425	1,569
Depreciation of right-of-use assets	17	4,239	2,515
Write-off of property, plant and equipment		–	125
Change in fair value of derivative components of GIC Convertible Bonds		–	11,705
Impairment loss on other receivables		–	3,002
Impairment loss on asset classified as held for sale		–	4,920
Gain on disposal of property, plant and equipment		–	(120)
Gain on disposal of financial assets at FVPL		(1,077)	(22)
Loss on early redemption of the GIC Convertible Bonds, net		–	882
Loss on early repayment of the 2018 Convertible Bonds		–	2,235
Gain on early repayment of the 2019 Convertible Bonds		–	(1,500)
Share of results of joint venture		–	13,218
Gain on derecognition of subsidiaries		–	(186,069)
Change in fair value of financial assets at FVPL		(2,733)	(3)
Effect of foreign exchange rate changes		824	298
Changes in working capital:			
Trade and other receivables		10,657	(3,718)
Trade and other payables		1,127	1,863
Cash used in operations		(16,486)	(7,006)
Bank interest received		74	1
Interest paid		(243)	(5,849)
Net cash used in operating activities		(16,655)	(12,854)

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES			
Refundable earnest money refunded for an investment project		–	7,343
Purchase of property, plant and equipment		(5,396)	(3,278)
Proceeds from disposal of property, plant and equipment		–	120
Purchase of financial assets at FVPL		(25,505)	–
Proceeds from disposal of financial assets at FVPL		5,570	189
Proceeds from disposal of asset classified as held for sale		24,858	–
Net cash outflow on acquisition of subsidiaries	28	(3,743)	–
Net cash (used in) from investing activities		(4,216)	4,374
FINANCING ACTIVITIES			
New bank and other borrowings raised		2,244	3,000
Repayment of bank and other borrowings		–	(3,000)
Proceeds from issue of the 2020 Convertible Bonds		–	48,000
Proceeds from issue of shares on placing		–	24,133
Proceeds from issue of shares on subscription shares		–	172,930
Early redemption of the GIC Convertible Bonds		–	(105,500)
Early repayment of the 2018 Convertible Bonds		–	(18,000)
Early repayment of the 2019 Convertible Bonds		–	(42,000)
Repayment of lease liabilities		(4,749)	(2,743)
Net cash (used in) from financing activities		(2,505)	76,820
Net (decrease) increase in cash and cash equivalents		(23,376)	68,340
Cash and cash equivalents as at 1 January		76,754	8,414
Cash and cash equivalents as at 31 December represented by bank balances and cash		53,378	76,754

1. CORPORATE INFORMATION

Asia Energy Logistics Group Limited (the "Company") is a limited liability company incorporated in Hong Kong. The Company's registered office and its principal place of business is located at Room 2906, 29/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is an investment holding company and the principal activities of its subsidiaries are detailed in note 36 to the consolidated financial statements. The Company and its subsidiaries are herein collectively referred to as the "Group".

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These consolidated financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand unless otherwise indicated.

3. ADOPTION OF NEW/REVISED HKFRSs

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year:

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	*Interest Rate Benchmark Reform – Phase 2*
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions Beyond 30 June 2021*

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

3. ADOPTION OF NEW/REVISED HKFRSs (CONTINUED)

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2 (Continued)

- disclosures – a company will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings and therefore the comparative information has not been restated.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

4. PRINCIPAL ACCOUNTING POLICIES

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial assets at FVPL and asset classified as held for sale, which are measured at fair value as explained in the accounting policies set out below.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at rates set out below. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	Over the remaining term of the lease but not exceeding 5 years
Furniture, fixtures and office equipment	20%
Motor vehicles	20%-25%
Vessels	Over the estimated useful life (ranging from 6 years to 18 years)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Acquired intangible assets are measured on initial recognition at cost. Club membership is an intangible asset with indefinite useful lives which is carried at cost less any accumulated impairment losses.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income ("FVOCI"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial liabilities at FVPL include financial liabilities held for trading, financial liabilities designated upon initial recognition as at FVPL and financial liabilities that are contingent consideration of an acquirer in a business combination to which HKFRS 3 applies. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, except for the portion of fair value changes of financial liabilities designated at FVPL that are attributable to the credit risk of the liabilities which is presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss. The amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

A financial liability is classified as held for trading if it is:

(i) incurred principally for the purpose of repurchasing it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities (Continued)

Classification and measurement (Continued)

Financial liabilities are designated at initial recognition as at FVPL only if:

(i) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases;

(ii) they are part of a group of financial liabilities or financial assets and financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or

(iii) they contain one or more embedded derivatives, in which case the entire hybrid contract may be designated as a financial liability at FVPL, except where the embedded derivatives do not significantly modify the cash flows or it is clear that separation of the embedded derivatives is prohibited.

Derivatives embedded in a hybrid contract with a host that is not an asset within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their economic characteristics and risks are not closely related to those of the host, and the hybrid contract is not measured at FVPL.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

The difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive. For a lease receivable, the cash flows used for determining the ECL should be consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 or HKAS 17.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on one or more of the following shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral, if any

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument, except in the case of debt investments at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

(i) the debtor's failure to make payments of principal or interest on the due dates;

(ii) an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);

(iii) an actual or expected significant deterioration in the operating results of the debtor; and

(iv) actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables and operating lease receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets and other items (Continued)

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Convertible bonds

The component of the convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of issue costs. The corresponding dividends on those shares are charged as interest expense in profit or loss.

On the issue of the convertible bonds, the fair value of the liability component is determined using a market rate for a similar bond that does not have a conversion option; and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in the convertible bonds reserve within shareholders' equity, net of issue costs. The value of the conversion option carried in equity is not changed in subsequent years. When the conversion option is exercised, the balance of the convertible bonds reserve is transferred to share capital or other appropriate reserve. When the conversion option remains unexercised at the expiry date, the balance remained in the convertible bonds reserve is transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Issue costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

When the Group extinguishes a convertible instrument before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Group allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition

Charter-hire income under operating leases is recognised when the vessels are let out and on the straight-line basis over the lease term. The variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the year in which the event or condition that triggers those payments occurs.

Revenue from contracts with customers within HKFRS 15

Nature of service

The nature of the service provided by the Group is telecommunications service.

Identification of performance obligations

At contract inception, the Group assesses the service promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer either:

(a) a service (or a bundle of services) that is distinct; or

(b) a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer.

A service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the service either on its own or together with other resources that are readily available to the customer (i.e. the service is capable of being distinct); and

(b) the Group's promise to transfer the service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the service is distinct within the context of the contract).

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Service income is recognised over time when service is rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost or debt investments at FVOCI that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK$.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period;

- Income and expenses for each statement of comprehensive income are translated at average exchange rate;

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

- On all other partial disposals, which includes partial disposal of joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets and right-of-use assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. In addition, the Group tests its intangible assets that have indefinite useful lives for impairment by estimating their recoverable amount on an annual basis and whenever there is an indication that those assets may be impaired. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the year in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Share capital

Ordinary shares are classified as equity.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessee (Continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	2-3 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessee (Continued)

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessee (Continued)

The Group has applied the practical expedient provided in Amendments to HKFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 and does not assess whether eligible rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying HKFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme in Hong Kong ("MPF Scheme") are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement benefits plans ("PRC Retirement Benefits Plans") organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

No forfeited contributions for the MPF Scheme and the PRC Retirement Benefits Plans can be used by the employer to reduce the existing level of contributions.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is determined using the Binomial Option Pricing Model, taking into account any market conditions and non-vesting conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Equity-settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the year when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is provided on temporary differences arising on investment in joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they have similar economic characteristics and share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the directors in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty are as follows:

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)

(i) Discount rates for calculating lease liabilities – as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discount rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

(ii) Useful lives and impairment of vessels

The management reviews the useful lives and depreciation method of vessels at the end of each reporting period, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the vessels.

Vessels are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable such as declines in assets' market value and significant increase in interest rates that may affect the discount rate used in calculating the vessels' recoverable amount. The recoverable amounts have been determined based on fair value less costs of disposal calculation or value in use calculation. These calculations require the use of judgements and estimates.

Management judgement is required in vessel impairment particularly in assessing:

(a) whether an event has occurred that may indicate that the vessels' values may not be recoverable;

(b) whether the carrying value of the vessels can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continuing use of the asset in the business;

(c) whether a decline in asset's market value, increase in interest rates or other market rates that may affect the discount rate used in calculating the asset's recoverable amount;

(d) whether there is any assets are being obsolescence or any plan to discontinue or restructure; and

(e) the appropriateness of key assumptions applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and financial performance.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)

(iii) Loss allowance for ECL

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in note 32(b).

(iv) Fair value estimation

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management have determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the Group's financial assets at FVPL, the Group uses market-observable data to the extent it is available. The management of the Group will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets/liabilities, the causes of the fluctuations will be reported to the directors of the Company. The information about the valuation techniques, inputs and key assumptions used in the determination of those assets and liabilities are detailed in notes 20 and 23 respectively.

Critical judgement made in apply accounting policies:

(i) Subsidiary governed under contractual agreements

When preparing the consolidated financial statements, the management applied HKFRS 10 to determine whether the Group has "control" over the entities considered to be subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, has the power to direct the relevant activities of the entity, and has the ability to affect those returns through its power over the entity. Key factors used in determining control and whether the entities are subsidiaries include whether the Group has power over the entities either through voting rights or contractual agreements and whether it has the rights to obtain the majority of benefits or is exposed to the majority of ownership risks.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)

Critical judgement made in apply accounting policies: (Continued)

(i) Subsidiary governed under contractual agreements (Continued)

When the above factors are met, the management determines that the Group has control over the entities include them as subsidiaries in the Group's consolidated financial statements. For the entities where the Group holds no equity interest but are subject to contractual agreements, significant judgements are necessary as to whether the contracts give the Group the ability to exercise control over those entities, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure, etc..

Pursuant to the applicable laws, including but not limited to the Special Administrative Measures (Negative List) for the Access of Foreign Investment, the business of value-added telecommunications services is considered "restricted" where foreign investors are restricted from holding more than 50% equity interests in companies providing such services, as such北京北西商務諮詢有限公司 (Beijing Beixi Business Consultancy Co., Ltd., "Beixi Business"), the Company's indirect non-wholly owned subsidiary incorporated in the PRC, has entered into a series of contractual agreements (the "Contractual Agreements") with 北京北商西電科技有限公司 (Beijing Beishang Xidian Technology Co., Ltd., "Beishang"), a company incorporated in the PRC, and its respective owners, which enable the Group to:

- have power to direct the relevant activities of Beishang;
- exercise the 100% voting rights of Beishang, via 60%-owned Beixi Business, during the general meetings of Beishang;
- receive and be exposed to substantially 60% of the economic interest returns generated by Beishang through service fees in consideration for the management and consulting services provided by Beixi Business at Beixi Business's discretion;
- have an irrevocable option, via 60%-owned Beixi Business, to purchase 100% equity interest in Beishang with consideration at a nominal price of RMB1 when and to the extent permitted under the PRC laws; and
- obtain pledges over 100% equity interest of Beishang, via 60%-owned Beixi Business, from their respective owners.

The Group does not have any equity interest in Beishang. However, as a result of the Contractual Agreements, the Group is considered to have control over Beishang given that the Group has rights to variable returns from its involvement in operation of Beishang and has the ability to affect these returns (e.g. in form of service fees charged). Consequently, the Group regards Beishang as indirectly-owned subsidiaries under HKFRSs.

Nevertheless, the Contractual Agreements may not be as effective as legal ownership in providing the Group with control over the consolidated entities and business, and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the consolidated entities and business. Having considered any changes in the relevant PRC laws and regulations since the execution of the Contractual Arrangements, the management believes that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 16	*Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Cost of Fulfilling a Contract*[1]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Annual Improvements to HKFRSs	*2018–2020 Cycle*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to HKAS 1	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
HKFRS 17	*Insurance Contracts*[2]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

(1) Effective for annual periods beginning on or after 1 January 2022
(2) Effective for annual periods beginning on or after 1 January 2023
(3) The effective date to be determined

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs will not have any significant impact on the consolidated financial statements.

5. SEGMENT INFORMATION

The chief operating decision makers evaluate the performance of and allocate resources to operating segments based on the Group's internal reporting in respect of these segments. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group's reportable segments are as follows:

Continuing operations:

(a) Telecommunications related business

(b) Shipping and logistics

5. SEGMENT INFORMATION (CONTINUED)

Discontinued operations:

(a) Shipping and logistics (in relation to the operations mentioned in note 13)

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

Year ended 31 December 2021	(Continuing operations) Telecommunications related business HK$'000	Shipping and logistics HK$'000	(Discontinued operations) Shipping and logistics HK$'000	Total HK$'000
Segment revenue from external customers	18,706	46,002	457	65,165
Segment loss	(7,721)	(23,302)	(1,080)	(32,103)
Unallocated income				1,077
Change in fair value of financial assets at FVPL				2,733
Other unallocated corporate expenses				(26,227)
Loss for the year				(54,520)
Other segment information:				
Depreciation of property, plant and equipment	(16)	(14,553)	–	(14,569)
Depreciation of right-of-use assets (note)	(1,500)	(1,141)	–	(2,641)
Finance costs (note)	(121)	(219)	–	(340)
Additions of property, plant and equipment	21	5,095	–	5,116

5. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020	(Continuing operations) Telecommunications related business HK$'000	Shipping and logistics HK$'000	(Discontinued operations) Shipping and logistics HK$'000	Total HK$'000
Segment revenue from external customers	2,253	45,651	17,325	65,229
Segment (loss) profit	(25)	(31,858)	159,674	127,791
Unallocated income				1,693
Gain on derecognition of a subsidiary				11,722
Loss on early repayment of the 2018 Convertible Bonds				(2,235)
Gain on early repayment of the 2019 Convertible Bonds				1,500
Other unallocated corporate expenses				(29,249)
Profit for the year				111,222
Other segment information:				
Change in fair value of derivative components of GIC Convertible Bonds	–	(11,705)	–	(11,705)
Depreciation of property, plant and equipment	–	(12,559)	(1,222)	(13,781)
Depreciation of right-of-use assets (note)	–	(190)	–	(190)
Finance costs (note)	–	(10,662)	–	(10,662)
Impairment loss on other receivables	–	(3,002)	–	(3,002)
Impairment loss on asset classified as held for sale	–	–	(4,920)	(4,920)
Share of results of joint venture	–	–	(13,218)	(13,218)
Additions of property, plant and equipment	–	3,266	–	3,266
Change in fair value of financial assets at FVPL	–	3	–	3
Loss on early redemption of the GIC Convertible Bonds, net	–	(882)	–	(882)
Gain on derecognition of subsidiaries	–	–	174,347	174,347

Note: Depreciation of right-of-use assets excluded from the measure of segment results during the years ended 31 December 2021 and 2020 amounted to approximately HK$1,598,000 and HK$2,325,000 respectively.

Finance costs excluded from the measure of segment results during the years ended 31 December 2021 and 2020 amounted to approximately HK$6,737,000 and HK$6,906,000 respectively.

5. SEGMENT INFORMATION (CONTINUED)

	2021 HK$'000	2020 HK$'000
Assets		
Continuing operations		
Shipping and logistics	158,800	177,000
Telecommunications related business	39,775	25,001
Discontinued operations		
Shipping and logistics	–	27,111
Segment assets	198,575	229,112
Unallocated corporate assets	56,108	51,105
Consolidated total assets	254,683	280,217
Liabilities		
Continuing operations		
Shipping and logistics	9,632	7,458
Telecommunications related business	8,091	2,399
Discontinued operations		
Shipping and logistics	–	605
Segment liabilities	17,723	10,462
2019 Convertible Bonds	435	370
2020 Convertible Bonds	31,202	21,784
Other unallocated corporate liabilities	6,934	1,497
Consolidated total liabilities	56,294	34,113

Geographical information

Apart from the vessels and goodwill, approximately HK$5,171,000 and HK$4,606,000 of the Group's non-current assets are located in Hong Kong and the PRC respectively.

Geographical segment information of the Group's revenue arising from provision of shipping and logistics service is not presented as the directors consider that the relevant services are carried out internationally, preclude a meaningful allocation of operating results to specific geographical segments.

5. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

Revenue information for the telecommunications related business based on locations of customers is as follows:

	2021 HK$'000	2020 HK$'000
The PRC	**18,706**	2,253

Information about major customers

No revenue from any customer from telecommunications related business segment individually accounted for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: Nil).

Revenue from customers from shipping and logistics segment individually accounting for 10% or more of the revenue of the Group is as follows:

	2021 HK$'000	2020 HK$'000
Continuing operations		
Shipping and logistics		
Customer A	**46,002**	45,651

6. REVENUE

	2021 HK$'000	2020 HK$'000
Continuing operations		
Operating lease income		
Charter-hire income	**46,002**	45,651
Revenue from contract with customers within HKFRS 15		
Telecommunications service income	**18,706**	2,253
	64,708	47,904

The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised over time.

7. OTHER INCOME

	2021 HK$'000	2020 HK$'000
Continuing operations		
Loan interest income	–	476
Bank interest income	74	1
Subsidy income under Employment Support Scheme	–	972
Gain on disposal of property, plant and equipment	–	120
Gain on disposal of financial assets at FVPL	1,077	22
Recharge of expenses to charter parties	683	645
Claims from insurance company	762	–
Sundry income	145	411
	2,741	2,647

8. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

This is stated after charging:

	2021 HK$'000	2020 HK$'000
Continuing operations		
(a) Finance costs:		
Interest on other borrowings	231	12
Interest on the GIC Convertible Bonds	–	10,611
Interest on the 2018 Convertible Bonds	–	1,268
Interest on the 2019 Convertible Bonds (note 22)	77	2,970
Interest on the 2020 Convertible Bonds (note 23)	5,993	2,459
Interest on lease liabilities	776	248
	7,077	17,568

8. LOSS BEFORE TAX FROM CONTINUING OPERATIONS (CONTINUED)

		2021 HK$'000	2020 HK$'000
(b)	**Staff costs (including directors' remuneration):**		
	Employee benefits expense	23,381	15,482
	Contributions to defined contribution plans	1,450	263
		24,831	15,745

		2021 HK$'000	2020 HK$'000
(c)	**Other items:**		
	Auditor's remuneration		
	Annual audit	1,080	1,000
	Non-annual audit	150	729
	Cost of services (note)	68,307	45,456
	Depreciation of property, plant and equipment	14,569	12,559
	Depreciation of right-of-use assets (note 17)	4,239	2,515
	Exchange loss, net	183	303
	Legal and professional fee	3,630	4,052
	Motor vehicles expenses	1,604	494

Note: Cost of services for continuing operations includes depreciation of property, plant and equipment of approximately HK$13,866,000 (2020: HK$11,968,000) which amount is also included in the respective total amount disclosed separately in "depreciation of property, plant and equipment".

9. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the directors of the Company by the Group during the year were as follows:

Name of director	Directors' Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to defined contribution plans HK$'000	Total HK$'000
Year ended 31 December 2021				
Executive directors				
Pang Yuet (appointed on 14 July 2020)	–	3,094	18	3,112
Sun Peng (appointed on 30 October 2020)	–	416	–	416
Hui Wai (appointed on 7 July 2021)	–	639	9	648
Jian Qing (appointed on 14 July 2020 and resigned on 1 July 2021)	–	860	9	869
Independent non-executive directors				
Ng Kwun Wan (appointed on 14 July 2020)	180	–	–	180
Wong Cheuk Bun	180	–	–	180
Hon Ming Sang (appointed on 6 November 2020)	180	–	–	180
	540	5,009	36	5,585

9. DIRECTORS' EMOLUMENTS (CONTINUED)

Name of director	Directors' Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to defined contribution plans HK$'000	Total HK$'000
Year ended 31 December 2020				
Executive directors				
Pang Yuet (appointed on 14 July 2020)	–	–	–	–
Sun Peng (appointed on 30 October 2020)	–	64	–	64
Jian Qing (appointed on 14 July 2020)	–	–	–	–
Fu Yongyuan (resigned on 30 October 2020)	–	1,827	15	1,842
Wu Jian (appointed on 1 March 2019 and resigned on 30 October 2020)	–	1,763	15	1,778
Liang Jun (resigned on 10 February 2020)	–	536	3	539
Non-executive director				
Yu Baodong (resigned on 14 July 2020)	424	–	11	435
Independent non-executive directors				
Ng Kwun Wan (appointed on 14 July 2020)	84	–	–	84
Wong Cheuk Bun	180	–	–	180
Hon Ming Sang (appointed on 6 November 2020)	28	–	–	28
Chan Sing Fai (appointed on 21 February 2020 and resigned on 6 November 2020)	128	–	–	128
Chan Chi Yuen (resigned on 14 July 2020)	96	–	–	96
	940	4,190	44	5,174

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the years ended 31 December 2021 and 2020.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, the five highest paid individuals of the Group included one (2020: two) director(s) whose emoluments are disclosed in note 9. The emoluments of the remaining four (2020: three) highest paid individuals, who are employees of the Group, are as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other benefits	5,760	3,850
Contributions to defined contribution plans	72	54
	5,832	3,904

The emolument of the highest paid individuals, other than the directors, is within the following bands:

	Number of individuals	
	2021	2020
HK$1,000,001 – HK$1,500,000	4	2
HK$1,500,001 – HK$2,000,000	–	1
	4	3

No emoluments was paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of these individuals waived any emoluments during the years ended 31 December 2021 and 2020.

11. TAXATION

Hong Kong Profits Tax, if any, is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year. The PRC enterprise income tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits of subsidiaries operating in the PRC.

No provision for income tax has been made as the Group entities either had no estimated assessable profits or incurred tax losses for the years ended 31 December 2021 and 2020.

Reconciliation of tax expense

	2021 HK$'000	2020 HK$'000
Continuing operations		
Loss before tax	(53,440)	(48,452)
Tax calculated at domestic tax rates in respective tax jurisdictions	(9,462)	(7,966)
Non-deductible expenses	16,083	18,353
Tax exempt revenue	(8,551)	(10,393)
Unrecognised tax loss	1,930	6
Tax expense for the year	–	–

12. DIVIDENDS

The directors do not recommend the payment of any dividend for the years ended 31 December 2021 and 2020.

13. DISCONTINUED OPERATIONS

Disposal of a vessel

On 5 November 2020, Asia Energy Inc., an indirect wholly-owned subsidiary of the Company, entered into a memorandum of agreement with a buyer pursuant to which the Group has conditionally agreed to dispose of and the buyer conditionally agreed to acquire a vessel, M/V Asia Energy (the "Vessel"), with the cash consideration of US$3,300,000 (equivalent to approximately HK$25,740,000).

The management, having considered that the Group has committed to sell the Vessel and located the potential buyer, has classified the Vessel as "asset classified as held for sale" under current assets as at 31 December 2020. The Vessel was delivered to the buyer on 20 January 2021.

The management considers that the disposal of the Vessel, which are previously grouped under shipping and logistics segment, and derecognition of Ocean Path Limited ("Ocean Path") and Ocean Jade Investments Limited ("Ocean Jade") in 2020 constituted discontinued operations during the year ended 31 December 2020. The results and net cash flows of the discontinued operations for the years ended 31 December 2021 and 2020 are summarised as follows:

	2021 Vessel HK$'000
Revenue	457
Cost of services	(1,541)
Other income	114
Operating costs	(110)
Loss before tax	(1,080)
Taxation	–
Loss after tax from discontinued operations	(1,080)

	2021 Vessel HK$'000
Net cash (outflows) inflows	
Operating activities	1,806
Investing activities	(1,934)
Total cash outflows	(128)

13. DISCONTINUED OPERATIONS (CONTINUED)

		2020	
	Vessel	Ocean Path and Ocean Jade	Total
	HK$'000	HK$'000	HK$'000
Revenue	17,325	–	17,325
Cost of services	(13,970)	–	(13,970)
Other income	278	–	278
Impairment loss on asset classified as held for sale	(4,920)	–	(4,920)
Share of results of joint venture	–	(13,218)	(13,218)
Operating costs	(151)	(17)	(168)
Loss before tax	(1,438)	(13,235)	(14,673)
Taxation	–	–	–
Loss after tax from discontinued operations	(1,438)	(13,235)	(14,673)
Gain on derecognition of subsidiaries	–	174,347	174,347
(Loss) Profit attributable to discontinued operations	(1,438)	161,112	159,674

	2020
	Vessel
	HK$'000
Net cash outflows	
Operating activities	(273)

There was no cash movement in relation to the discontinued operations of Ocean Path and Ocean Jade for year ended 31 December 2020.

14. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share of the Company is based on the following data:

	2021 HK$'000	2020 HK$'000
(Loss) Profit attributable to owners of the Company		
– Continuing operations	(52,719)	(48,452)
– Discontinued operations	(1,080)	159,674

	2021	2020
Weighted average number of ordinary shares for basic and diluted (loss) earnings per share	1,694,975,244	1,041,587,266
(Loss) Earnings per share		
Basic and diluted		
– Continuing operations (HK cents)	(3.11)	(4.65)
– Discontinued operations (HK cents)	(0.06)	15.33
	(3.17)	10.68

Diluted (loss) earnings per share for the years ended 31 December 2021 and 2020 is same as the basic (loss) earnings per share. The calculation of diluted (loss) earnings per share for the years ended 31 December 2021 and 2020 does not assume the conversion of the Company's outstanding convertible instruments since the conversion would result an anti-dilutive effect on the basic (loss) earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2020					
As at 1 January 2020	39	224	1,067	201,965	203,295
Additions	–	–	12	3,266	3,278
Write-off/Disposal	(6)	(119)	–	–	(125)
Depreciation	(33)	(105)	(453)	(13,190)	(13,781)
Reclassified to asset classified as held for sale	–	–	–	(29,778)	(29,778)
As at 31 December 2020	–	–	626	162,263	162,889
Reconciliation of carrying amount – year ended 31 December 2021					
As at 1 January 2021	–	–	626	162,263	162,889
Additions	–	21	280	5,095	5,396
Acquisition of subsidiaries (note 28)	–	32	–	–	32
Depreciation	–	(16)	(687)	(13,866)	(14,569)
Exchange difference	–	1	–	–	1
As at 31 December 2021	–	38	219	153,492	153,749
As at 31 December 2020					
Cost	–	–	1,484	188,097	189,581
Accumulated depreciation and impairment losses	–	–	(858)	(25,834)	(26,692)
	–	–	626	162,263	162,889
As at 31 December 2021					
Cost	–	106	1,764	193,192	195,062
Accumulated depreciation and impairment losses	–	(68)	(1,545)	(39,700)	(41,313)
	–	38	219	153,492	153,749

The Group has engaged an independent professional valuer to assess the recoverable amounts of the vessels as at 31 December 2021. Management considered that no impairment loss on the vessels is required after taking consideration of the results from the valuation report.

16. INTANGIBLE ASSET

	Club membership HK$'000
Cost and carrying amount	
As at 31 December 2020 and 31 December 2021	1,000

17 LEASES

The Group as lessor

Operating lease

The Group leases its vessels to third parties under operating leases, which had an initial non-cancellable lease term of 22 months (2020: 22 months). The leases do not include purchase or termination options. The leases do not provide the lessees with options to extend the lease term (2020: Nil).

Below is a maturity analysis of future undiscounted lease payments to be received from lease of the vessels.

	2021 HK$'000	2020 HK$'000
Year 1	13,623	48,275
Year 2	–	13,623
	13,623	61,898

The operating lease income of the Group during the years ended 31 December 2021 and 2020 is set out in note 6 to the consolidated financial statements.

The Group is insured against loss that may arise from accidents or physical damages of the vessels up to the amount of US$26,000,000 (equivalent to HK$202,280,000) (2020: US$27,500,000 equivalent to HK$213,950,000).

17 LEASES (CONTINUED)

The Group as lessee

Right-of-use assets

	Office premises HK$'000
Reconciliation of carrying amount – year ended 31 December 2021	
At beginning of the year	**2,187**
Addition	**10,594**
Depreciation	**(4,239)**
Exchange differences	**(22)**
As at 31 December 2021	**8,520**
Reconciliation of carrying amount – year ended 31 December 2020	
At beginning of the year	2,325
Addition	2,377
Depreciation	(2,515)
As at 31 December 2020	2,187

The Group leases office premises for its daily operations. The lease term are two to three years. Lease payments were usually increased annually to reflect current market rentals.

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets.

For leases of properties, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

18. GOODWILL

	2021 HK$'000
Reconciliation of carrying amount	
Acquisition of subsidiaries (note 28)	1,026
As at 31 December	1,026

Goodwill arose because the consideration paid for the acquisition effectively included amount in relation to the benefits originated from future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Goodwill acquired through business combination has been allocated to Telecommunications related business.

The recoverable amount of the cash-generating unit ("CGU") of Telecommunications related business as at 31 December 2021 has been determined on the basis of value in use. The value-in-use calculation uses cash flow projection based on financial budgets approved by management covering a 5-year period by applying certain key assumptions below:

	Telecommunications related business 2021
Pre-tax discount rate	15%
Average growth rate	5%
Perpetual growth rate	5%

For the year ended 31 December 2021, no impairment loss was made on the goodwill.

19. TRADE AND OTHER RECEIVABLES

	Note	2021 HK$'000	2020 HK$'000
Trade receivables	19(a)		
– Lease income receivable		–	1,932
– Service income receivable		3,078	1,188
		3,078	3,120
Other receivables			
Other debtors		5,715	6,884
Deposits		2,125	449
Prepayments		827	556
		8,667	7,889
Less:			
Loss allowance on other receivables	32(b)	(3,002)	(3,002)
		5,665	4,887
		8,743	8,007

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in note 32(b).

19(a) Trade receivables

As at 31 December 2021, all trade receivables aged within 30 days, based on the invoice date. (2020: 180 days).

20. FINANCIAL ASSETS AT FVPL

	2021 HK$'000	2020 HK$'000
Mandatorily measured at FVPL		
Securities listed in Hong Kong	28,267	4,522

As at 31 December 2021, margin facilities of HK$7,429,000 (2020: HK$959,000) from a regulated securities broker was granted to the Group under which the securities listed in Hong Kong of HK$28,267,000 (2020: HK$4,522,000) were pledged as collateral for the facilities granted. The Group utilised the margin facilities of HK$2,244,000 as at 31 December 2021 as detailed in note 21(b) (2020: Nil).

The fair value of the securities listed in Hong Kong is based on the quoted market price which is a level 1 input in accordance with HKFRS 13.

21. TRADE AND OTHER PAYABLES

	Note	2021 HK$'000	2020 HK$'000
Trade payables	21(a)	8,782	4,157
Other payables			
Accruals and other payable		3,615	4,516
Receipts in advance		1,059	930
Other borrowings from a regulated securities broker	21(b)	2,244	–
		6,918	5,446
		15,700	9,603

21(a) Trade payables

The credit period of trade payables is normally within 90 days (2020: 90 days). As at 31 December 2021 and 2020, all trade payables was aged within 30 days, based on the invoice date.

21(b) Other borrowings from a regulated securities broker

As at 31 December 2021, the other borrowings from a regulated securities broker are secured by securities listed in Hong Kong of HK$28,267,000 and repayable on demand, bear interest at rate of 10% per annum.

22. 2019 CONVERTIBLE BONDS

On 25 June 2019, the Company entered into a placing agreement (the "2019 CB Placing Agreement") with VCB pursuant to which the Company proposed to offer for subscription, and VCB agreed to procure not less than six placees to subscribe for, 3-year non-redeemable convertible bonds up to HK$60,000,000 (the "2019 Convertible Bonds") on a best effort basis on the terms and subject to the conditions set out in the 2019 CB Placing Agreement.

The 2019 Convertible Bonds bear 2.5% interest per annum and carry a right to convert the aggregate principal amount into conversion shares at the initial conversion price of HK$0.0577 per conversion share (before share consolidation completed on 19 August 2019) during the period from 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, the date falling on the third anniversary of the issue date (both days inclusive).

The conditions specified in the 2019 CB Placing Agreement (as revised and supplemented by the first supplemental agreement dated 13 September 2019 and second supplemental agreement dated 4 October 2019) have been fulfilled and the completion of the placing took place on 14 November 2019. A portion of the 2019 Convertible Bonds in the principal amount of HK$42,500,000 with the initial conversion price of HK$0.0577 was successfully placed to six placees. The effective interest rate of the liability component on initial recognition is 21.20% per annum.

After the share consolidation completed on 19 August 2019, the conversion price of the 2019 Convertible Bonds has been changed to HK$0.2885 per share.

On 17 July 2020, the Company early repaid the 2019 Convertible Bonds (save as HK$500,000 principal amounts of the 2019 Convertible Bonds) and interest accrued thereon for the amount of HK$42,186,000. During the year ended 31 December 2020, the gain on the early repayment of the 2019 Convertible Bonds was approximately HK$1,500,000 and the repayment price allocated to equity component was approximately HK$14,712,000.

The movements of liability component of the 2019 Convertible Bonds are as follows:

	HK$'000
As at 1 January 2020	26,912
Imputed interest expenses	2,970
Payment of interest expenses	(724)
Early repayment of the 2019 Convertible Bonds	(27,288)
Gain on early repayment of the 2019 Convertible Bonds	(1,500)
As at 31 December 2020 and 1 January 2021	**370**
Imputed interest expenses	**77**
Payment of interest expenses	**(12)**
As at 31 December 2021	**435**

23. 2020 CONVERTIBLE BONDS

On 8 March 2020, the Company, entered into a subscription agreement with Oriental Solar Group Limited ("Oriental Solar"), pursuant to which Oriental Solar has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue the convertible bonds (the "2020 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 (subject to adjustments). The 2020 Convertible Bonds are unsecured, interest-free and have a term of 3 years.

On 13 July 2020, the Company issued the 2020 Convertible Bonds of HK$48,000,000 to Oriental Solar, the substantial shareholder of the Company.

The Company can at any time redeem all or part of the principal amount of the 2020 Convertible Bonds which the conversion right is not yet exercised by issuing a notice with not less than 2 business days before the third anniversary of the date immediately after the initial issue date of the 2020 Convertible Bonds. The bondholder can choose to convert upon receipt of the redemption notice from the Company.

The management considered that the amount of the derivative component of the 2020 Convertible Bonds was immaterial to the Company after careful assessment with reference to the valuation performed by an independent professional qualified valuer. No derivative component of the 2020 Convertible Bonds was recognised in the consolidated financial statements during both years.

At initial recognition, the 2020 Convertible Bonds are separated into a liability component and an equity component representing the conversion options of the bondholders. The values of the liability component and the equity component were determined at the issue date. The fair value of the liability component was calculated using a market interest rate of 19.64% per annum for instruments without a conversion option of comparable credit status which is referenced to professional valuation conducted by an independent professional qualified valuer. The residual amount, representing the value of the equity component, has been included in the convertible bonds reserve.

The fair value of the 2020 Convertible Bonds is determined using valuation model which involved unobservable inputs. The day-one loss, which represented the difference between the nominal value and the fair value of the 2020 Convertible Bonds at the issue date, is not recognised in the consolidated statement of comprehensive income immediately but is deferred.

The carrying value of the liability component and the equity component of the 2020 Convertible Bonds is net of the deferred day-one loss which is allocated to the liability component and the equity component on the same allocation basis of the allocation of the fair value of the 2020 Convertible Bonds. The deferred day-one loss in the liability component will be amortised over the term of the 2020 Convertible Bonds on the basis similar with the effective interest method and included in the consolidated statement of comprehensive income and the deferred day-one loss in the equity component will be accounted for in the same basis as the equity component.

23. 2020 CONVERTIBLE BONDS (CONTINUED)

The effective interest rate of the liability component of the 2020 Convertible Bonds on initial recognition, which excluded the impact of the deferred day-one loss, is 19.81% per annum and is subsequently carried at amortised cost.

The movements of liability component of the 2020 Convertible Bonds are as follows:

	Gross amount HK$'000	Deferred day-one loss HK$'000	Net amount HK$'000
Fair value of liability component as at the issue date	28,031	(10,275)	17,756
Imputed interest expenses	2,459	–	2,459
Amortisation of deferred day-one loss	–	1,569	1,569
As at 31 December 2020 and 1 January 2021	30,490	(8,706)	21,784
Imputed interest expenses	5,993	–	5,993
Amortisation of deferred day-one loss	–	3,425	3,425
As at 31 December 2021	36,483	(5,281)	31,202

24. SHARE CAPITAL

	2021		2020	
	Number of shares	HK$'000	Number of shares	HK$'000
Issued and fully paid:				
As at 1 January	1,694,975,244	1,906,379	495,975,244	1,709,316
Subscription shares issued on subscription, net of issue costs (note a)	–	–	1,100,000,000	172,930
Shares issued on placing, net of issue costs (note b)	–	–	99,000,000	24,133
As at 31 December	1,694,975,244	1,906,379	1,694,975,244	1,906,379

Note a: On 13 July 2020, gross cash consideration of approximately HK$176,000,000 from issue of 1,100,000,000 subscription shares by way of subscription at a subscription price of HK$0.16 per share, net of issue costs of approximately HK$3,070,000, was credited to share capital account.

Note b: On 17 September 2020, gross cash consideration of approximately HK$24,750,000 from issue of 99,000,000 ordinary shares by way of placing at a price of HK$0.25 per share, net of issue costs of approximately HK$617,000, was credited to share capital account.

25. NON-CONTROLLING INTERESTS

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material NCI. The summarised financial information represents amounts before inter-company eliminations since acquisition.

	Beishang
	HK$'000
At 31 December 2021	
Proportion of NCI's ownership interests	40%
Non-current assets	23
Current assets	16,491
Current liabilities	(3,088)
Net assets	13,426
Carrying amount of NCI	5,371
Period from 5 May 2021 to 31 December 2021	
Revenue	18,567
Expenses	(20,368)
Loss for the period	(1,801)
Other comprehensive income	275
Total comprehensive loss for the period	(1,526)
Loss attributable to NCI	(721)
Total comprehensive loss attributable to NCI	(611)
Dividend paid to NCI	–

	HK$'000
Net cash inflow from	
Operating activities	6,704

26. SHARE OPTIONS

2018 Share Option Scheme

The 2018 Share Option Scheme was adopted by the Company on 20 August 2018 on terms in compliance with chapter 17 of the Listing Rules for a term of ten years commencing from the date of adoption. The Company may grant share options to selected eligible participants as incentives or rewards for their contribution to the Group (or any member of the Group) and/or to enable the Group (or any member of the Group) to recruit and retain high calibre employees and attract human resources that are valuable to the Group (or any member of the Group) and/or to any invested entity.

Under the 2018 Share Option Scheme, the Board has the authority to set the terms and conditions in respect of the grant of share options (e.g. the minimum period of the share options to be held, the performance targets to be achieved before the share options can be exercised and the subscription price). This provides the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help to achieve the purpose of the 2018 Share Option Scheme. The aggregate number of shares in respect of which share options (including both exercised and outstanding share options) may be granted under the 2018 Share Option Scheme and any other share option scheme(s) of the Company shall not, in aggregate exceed 10% of the total number of shares in issue on its adoption date, i.e. 20 August 2018.

Further, the maximum number of shares which may be issued upon exercise of all outstanding share options granted under the 2018 Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible participant in any 12-month period shall not exceed 1% of the total number of shares in issue of the Company.

The eligible participants as defined under the 2018 Share Option Scheme are as follows:

(i) any employee (whether full time or part time, including any executive directors but excluding any non-executive directors) of the Company, or of any of its subsidiaries or invested entity in which the Group holds any equity interest;

(ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any invested entity;

(iii) any shareholders of any members of the Group or any invested entity or any holder of any securities issued or proposed to be issued by any member of the Group or any invested entity;

(iv) any other entity (including any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group; or

26. SHARE OPTIONS (CONTINUED)

2018 Share Option Scheme (Continued)

(v) any other persons (including any individual staff member of any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contributed to the Group.

The 2018 Share Option Scheme is valid and effective for a period of 10 years commencing on the date of adoption.

During the year ended 31 December 2020, no option was exercised and 97,325,048 share options were cancelled. There was no outstanding option at 31 December 2020.

During the year ended 31 December 2021, no options were granted, exercised and lapsed under the 2018 Share Option Scheme. There was no outstanding option at 31 December 2021.

27. DEFERRED TAX

No deferred tax asset has been recognised in the Company's consolidated financial statements in respect of estimated tax losses available to offset future taxable profits due to the uncertainty of future profit streams against which the deferred tax asset can be utilised.

The expiry dates of unrecognised tax losses of continuing operations are as follows:

	2021 HK$'000	2020 HK$'000
Tax losses without expiry date	3,660	3,660
Tax losses expiring on 31 December 2025	276	23
Tax losses expiring on 31 December 2026	13,448	–
	17,384	3,683

28. ACQUISITION OF SUBSIDIARIES

As disclosed in the Company's announcement dated 5 May 2021, a wholly-owned subsidiary of the Company, Sky Universe Investment Company Limited, completed the acquisition of 60% equity interest in Beishang Limited ("Beishang BVI"), a company incorporated in the British Virgin Islands with limited liability on 5 May 2021.

As disclosed in noted 4, Beixi Business, an indirectly wholly-owned subsidiary of Beishang BVI, has entered into the Contractual Agreements with Beishang and its shareholders pursuant to which Beixi Business is able to effectively control and receive substantially all of the economic benefits from Beishang. The background of Beishang and the details of the Contractual Agreements are detailed in the Company's announcement dated 30 April 2021.

28. ACQUISITION OF SUBSIDIARIES (CONTINUED)

As a result of the business combination, the Group is expected to diversify its business into telecommunications related business.

A goodwill of HK$1,026,000 arising on the acquisition of Beishang BVI, Beixi Business and Beishang (collectively "Beishang Group") has been recognised in the consolidated financial statements for the year ended 31 December 2021 as detailed in note 18.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed, as well as the amount of non-controlling interest recognised at the date of acquisition:

	HK$'000
Consideration:	
Cash paid	10,000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	32
Bank balances	6,257
Trade and other receivables	11,393
Trade and other payables	(2,726)
Total identifiable net assets	14,956
Non-controlling interest	(5,982)
Goodwill arising on acquisition	1,026
	10,000
Net cash flow on acquisition of subsidiaries:	
Net cash acquired from the subsidiary	6,257
Consideration paid	(10,000)
	(3,743)

In respect of Beishang Group, the fair value and the gross contractual amounts of trade and other receivables at the date the Group obtained control of Beishang Group were approximately HK$11,393,000, nil of which was expected to be uncollectible.

Since acquisition, the acquired business has contributed HK$18,396,000 and HK$1,801,000 to the revenue and net loss of the Group respectively. If the business combinations effected during the year had been taken place at the beginning of the year, the revenue from continuing operations and net loss for the Group would have been HK$65,945,000 and HK$60,249,000 respectively.

29. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following related party transactions in the ordinary course of the Group's business.

a) Members of key management during the year comprised the directors only whose remuneration is set out in note 9.

b) Interest expenses in relation to the GIC Convertible Bonds of approximately HK$Nil (2020: HK$10,611,000) were charged by GIC.

c) Consultancy fee of HK$720,000 (2020: HK$720,000) to Chatwin Financial PR Company Limited which is beneficially owned by Mr. Wu Jian, a director of certain subsidiaries of the Company.

d) Imputed interest expenses in relation to the 2020 Convertible Bonds of approximately HK$5,993,000 (2020: HK$2,459,000) was charged by Oriental Solar, the substantial shareholder of the Company.

The related party transactions disclosed in notes 29(b) and 29(c) constituted connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

30. BANK BALANCES AND CASH

	2021 HK$'000	2020 HK$'000
Bank balances and cash		
Cash on hand	714	786
Cash at bank	52,664	75,968
Cash at bank and in hand	53,378	76,754

All cash at bank earns interest at floating daily bank deposit rates.

31. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The Group's financial assets and financial liabilities as at 31 December 2021 and 2020 are categorised as follows:

	2021 HK$'000	2020 HK$'000
Financial assets		
Amortised cost		
Trade receivables	3,078	3,120
Financial assets included in other receivables	4,838	4,331
Bank balances and cash	53,378	76,754
	61,294	84,205
FVPL		
Securities listed in Hong Kong	28,267	4,522
	89,561	88,727
Financial liabilities		
Amortised cost		
– Trade payables	8,782	4,157
– Financial liabilities included in other payables	5,859	4,516
– 2019 Convertible Bonds	435	370
– 2020 Convertible Bonds	31,202	21,784
– Lease liabilities	8,957	2,356
	55,235	33,183

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Groups' financial instruments (note 31) are foreign currency risk, credit risk, liquidity risk and equity price risk. The management general adopts conservative strategies on its risk management and limits the Group's exposure to these risks to minimum level as follows:

a) Foreign currency risk

The Group's transactions are mainly denominated in RMB and United States dollar ("US$").

Since the exchange rate of HK$ is pegged with US$, the Group does not expect any significant movements in the US$/HK$ exchange rates.

The following table details the Group's exposure as at 31 December 2021 and 2020 to currency risk arising from recognised financial assets and financial liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollar, translated using the spot rate at the end of the reporting period.

	Exposure to foreign currencies			
	2021		2020	
	RMB HK$'000	Hong Kong Dollar HK$'000	RMB HK$'000	Hong Kong Dollar HK$'000
Bank balances	–	–	–	22,613
Net exposure	–	–	–	22,613

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of HK$ and RMB had changed against the functional currencies of the respective group entities by 5% and the other variables were held constant as at 31 December 2021 and 2020.

	2021 HK$'000	2020 HK$'000
HK$	–	1,131

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next annual reporting period.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Trade receivables

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Credit risk (Continued)

Trade receivables (Continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below.

As at 31 December 2021

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Credit-impaired
Not past due	0.0%	3,078	–	No

As at 31 December 2020

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Credit-impaired
Not past due	0.0%	3,120	–	No

The Group does not hold any collateral over trade receivables as at 31 December 2021 (2020: Nil).

Other receivables

The Group determines that the amount due from one of the other debtors is credit-impaired after taken into account the default payment of amount due from the debtor and the past settlement history of the debtor. An impairment loss of HK$3,002,000 (2020: HK$3,002,000) was made in respect of the amount due from the debtor as a result of the ECL assessment conducted by the management of the Company.

The Group considers that the deposits and other debtors (except for the above-mentioned debtor) have low credit risk based on the counterparties' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default.

In estimating the ECL and whether the deposits and debtors are credit-impaired, the Group has taken into account the historical actual credit loss experience over the past 3 years and adjusted for forward-looking factors, in estimating the probability of default, as well as the loss upon default.

The management of the Group considers the ECL of the deposits and debtors (except for the above-mentioned debtor) to be insignificant so no loss allowance was recognised in this respect.

There was no change in the estimation techniques or significant assumptions made during the year.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The undiscounted contractual maturity profile of the Group's non-derivative financial liabilities as at 31 December 2021 and 2020, based on contractual undiscounted payments is summarised below:

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2021					
Trade and other payables	14,641	14,641	14,641	–	–
Liability component of the 2019 Convertible Bonds	435	512	512	–	–
Liability component of the 2020 Convertible Bonds	31,202	48,000	–	48,000	–
Lease liabilities	8,957	9,543	5,362	3,609	572
	55,235	72,696	20,515	51,609	572

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2020					
Trade and other payables	8,673	8,673	8,673	–	–
Liability component of the 2019 Convertible Bonds	370	525	13	512	–
Liability component of the 2020 Convertible Bonds	21,784	48,000	–	–	48,000
Lease liabilities	2,356	2,634	1,411	1,223	–
	33,183	59,832	10,097	1,735	48,000

Note: The above maturity analysis is based on the repayment schedule ignoring the early redemption right.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Equity price risk

The Group is exposed to equity price risk arising from equity investments held under financial assets at FVPL amounted to HK$28,267,000 (2020: HK$4,522,000). At the end of the reporting period, if the market price of the investments had been 10% higher/lower (2020: 10% higher/lower) while all other variables were held constant, the Group's loss would decrease/increase by HK$2,827,000 (2020: profit would increase/decrease by HK$452,000) due to change in fair value of financial assets at FVPL.

33. CAPITAL RISK MANAGEMENT

The objectives of the Group's capital management are to safeguard the entity's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including return of capital to shareholders or issue of new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

The Group monitors capital on the basis of debt-to-capital ratio, which is net debt divided by the Group's capital. The Group's policy is to keep not more than 100%. The debt-to-capital ratios at the end of the reporting period were as follows:

	2021 HK$'000	2020 HK$'000
Current liabilities	21,014	10,795
Non-current liabilities	35,280	23,318
Total liabilities	56,294	34,113
Total equity	198,389	246,104
Debt-to-capital ratio	28%	14%

34. OTHER CASH FLOW INFORMATION

a) Reconciliation of liabilities arising from financing activities:

	Other borrowings HK$'000	Lease liabilities HK$'000	2020 Convertible Bonds HK$'000	2019 Convertible Bonds HK$'000
As at 1 January 2021	–	2,356	21,784	370
Changes from cash flows:				
Proceeds from bank and other borrowings	2,475	–	–	–
Payment of interest expenses	(231)	–	–	(12)
Repayment of lease liabilities	–	(4,749)	–	–
Total changes from financing cash flows	2,244	(4,749)	–	(12)
Imputed interest expenses	–	776	5,993	77
New leases	–	10,594	–	–
Amortisation of deferred day-one loss	–	–	3,425	–
Exchange difference	–	(20)	–	–
As at 31 December 2021	2,244	8,957	31,202	435

34. OTHER CASH FLOW INFORMATION (CONTINUED)

a) Reconciliation of liabilities arising from financing activities: (Continued)

	Other payable HK$'000	Bank and other borrowings HK$'000	Lease liabilities HK$'000	2020 Convertible Bonds HK$'000	2019 Convertible Bonds HK$'000	2018 Convertible Bonds HK$'000	GIC Convertible Bonds HK$'000
As at 1 January 2020	8,373	–	2,474	–	26,912	13,814	83,301
Changes from cash flows:							
Proceeds from bank and other borrowings	–	3,000	–	–	–	–	–
Repayment of bank and other borrowings	–	(3,000)	–	–	–	–	–
Proceeds from issue of the 2020 Convertible Bonds	–	–	–	48,000	–	–	–
Early redemption of the GIC Convertible Bonds	–	–	–	–	–	–	(105,500)
Early repayment of the 2018 Convertible Bonds	–	–	–	–	–	(18,000)	–
Early repayment of the 2019 Convertible Bonds	–	–	–	–	(42,000)	–	–
Payment of interest expenses	–	–	–	–	(724)	(312)	(4,801)
Repayment of lease liabilities	–	–	(2,743)	–	–	–	–
Total changes from financing cash flows	–	–	(2,743)	48,000	(42,724)	(18,312)	(110,301)
Imputed interest expenses	–	–	248	2,459	2,970	1,268	10,611
Gain on derecognition of subsidiaries	(8,373)	–	–	–	–	–	–
Transfer to convertible bonds reserve	–	–	–	(30,244)	–	–	–
New leases	–	–	2,377	–	–	–	–
Amortisation of deferred day-one loss	–	–	–	1,569	–	–	–
Loss on early redemption/repayment of convertible bonds	–	–	–	–	13,212	3,230	16,389
As at 31 December 2020	–	–	2,356	21,784	370	–	–

b) Cash at banks

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSET		
Interests in subsidiaries	–	–
CURRENT ASSETS		
Amounts due from subsidiaries	208,579	230,544
Other receivables	309	310
Bank balances and cash	19,797	48,643
	228,685	279,497
CURRENT LIABILITIES		
Other payables	1,532	1,538
Amounts due to subsidiaries	19,853	19,800
2019 Convertible Bonds	435	–
	21,820	21,338
NET CURRENT ASSETS	206,865	258,159
NON-CURRENT LIABILITIES		
2019 Convertible Bonds	–	370
2020 Convertible Bonds	31,202	21,784
	31,202	22,154
NET ASSETS	175,663	236,005
CAPITAL AND RESERVES		
Share capital	1,906,379	1,906,379
Reserves	(1,730,716)	(1,670,374)
TOTAL EQUITY	175,663	236,005

This statement of financial position was approved and authorised for issue by the Board of Directors on 18 March 2022 and signed on its behalf by

Pang Yuet
Director

Hui Wai
Director

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

35(a) Reserves of the Company

	Capital reserve* HK$'000	Convertible bonds reserve* HK$'000	Share option reserve* HK$'000	Accumulated losses* HK$'000	Total HK$'000
As at 1 January 2020	4,190	55,383	38,654	(1,709,832)	(1,611,605)
Total comprehensive loss for the year	–	–	–	(67,153)	(67,153)
Issuance of the 2020 Convertible Bonds	–	30,244	–	–	30,244
Cancellation/Lapse of share options	–	–	(38,654)	38,654	–
Early redemption of the GIC Convertible Bonds	–	(35,043)	–	28,890	(6,153)
Early repayment of the 2018 Convertible Bonds	–	(5,572)	–	4,577	(995)
Early repayment of the 2019 Convertible Bonds (note 22)	–	(14,594)	–	(118)	(14,712)
As at 31 December 2020 and 1 January 2021	**4,190**	**30,418**	**–**	**(1,704,982)**	**(1,670,374)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(60,342)**	**(60,342)**
As at 31 December 2021	**4,190**	**30,418**	**–**	**(1,765,324)**	**(1,730,716)**

* As at 31 December 2021, these reserves constituted the other reserves balance of HK$1,730,716,000 (2020: HK$1,670,374,000) per the Company's statement of financial position.

The Company did not have any reserves available for distribution to shareholders as at 31 December 2021 and 2020.

36. PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and paid-up share capital/ registered capital	Attributable equity interest		Principal activities
			Directly held	Indirectly held	
BX Management Limited	Hong Kong	1 ordinary share with HK$1 paid up	100%	–	Provision of management services to group companies
Sky Universe Investment Company Limited	Hong Kong	10,000 ordinary shares with HK$10,000 paid up	100%	–	Investment holding
Palace View International Limited	The British Virgin Islands ("BVI")	1 ordinary share of US$1	100%	–	Investment holding
Teleroute Enterprises Limited	The BVI	1 ordinary share of US$1	100%	–	Investment holding
Hillmax Enterprises Limited	The BVI	1 ordinary share of US$1	–	100%	Investment holding
China Merit Shipping Limited	Hong Kong	1 ordinary share with HK$1 paid up	–	100%	Provision of management services to group companies
Laurel Gold Shipping Limited	Hong Kong	1 ordinary share with HK$1 paid up	–	100%	Shipping and Logistics
Lotus Gold Shipping Limited	Hong Kong	1 ordinary share with HK$1 paid up	–	100%	Shipping and Logistics
Beishang Limited	The BVI	100 ordinary shares of US$100	–	60%	Investment holding
Beishang Limited	Hong Kong	100 ordinary shares with HK$100 paid up	–	60%	Investment holding
北京宏碩數通科技有限公司	The PRC	RMB18,000,000 paid up	–	100%	Telecommunication related business
北京北西商務諮詢有限公司	The PRC	RMB50,000,000 registered capital	–	60%	Telecommunication related business
北京北商西電科技有限公司#	The PRC	RMB18,100,000 paid up	–	60%	Telecommunication related business

This subsidiary is held through certain Contractual Agreements (Note 4).

The above subsidiaries are directly or indirectly held by the Company. The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, materially contribute to the results of the Group or hold a material portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Five-Year Financial Summary

Year ended 31 December 2021

	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	64,708	47,904	44,367	50,669	15,797
(Loss) profit before income tax	(54,520)	111,222	(24,858)	(168,775)	(97,403)
Income tax credit	–	–	–	–	–
(Loss) profit for the year	(54,520)	111,222	(24,858)	(168,775)	(97,403)
Loss attributable to non-controlling interests	(721)	–	(21,799)	(30,216)	(35,399)
(Loss) profit attributable to owners of the Company	(53,799)	111,222	(3,059)	(138,559)	(62,004)
ASSETS AND LIABILITIES					
Total assets	254,683	280,217	236,452	1,869,156	1,768,174
Total liabilities	(56,294)	(34,113)	(297,418)	(2,056,550)	(1,960,196)
	198,389	246,104	(60,966)	(187,394)	(192,022)
Equity (Deficit) attributable to owners of the Company	193,018	246,104	(60,966)	(59,924)	(90,274)
Non-controlling interests	5,371	–	–	(127,470)	(101,748)
	198,389	246,104	(60,966)	(187,394)	(192,022)

Glossary

2018 Share Option Scheme	The share option scheme adopted by the Company on 20 August 2018 (as refreshed on 27 May 2019)
2021 AGM	The Company's Annual General Meeting held on 28 May 2021
2022 AGM	The Company's Annual General Meeting to be held on 27 May 2022
Annual General Meeting or AGM	The Company's annual general meeting
Articles of Association	The Company's Articles of Association as amended, supplemented or modified from time to time
Audit Committee	The Audit Committee of the Company
Beishang	Beijing Beishang Xidian Technology Co., Ltd.（北京北商西電科技有限公司）, a company established in the PRC
Beishang Equity Owners	the persons with the PRC nationality who are the registered shareholders of Beishang and hold the entire equity interests of Beishang, namely, Mr. Sun Zheng and Mr. Bai Lan (or the successor of Mr. Bai Lan, i.e. Ms. Quan)
Beixi Business	Beijing Beixi Business Consultancy Co., Ltd.（北京北西商務諮詢有限公司）, a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
Board	The Board of Directors of the Company
CG Code	The Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Chairman	Chairman of the Company
Companies Ordinance	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company	Asia Energy Logistics Group Limited
Consolidated Financial Statements	The audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021

Glossary

Contractual Arrangements	the series of contractual arrangements entered into among Beixi Business, Beishang and the Beishang Equity Owners, details of which are set out in the section headed "VI. The Contractual Arrangements" in the Company's announcement dated 30 April 2021
Director(s)	Director(s) of the Company
ED(s)	Executive director(s) of the Company
Executive Committee	The Executive Committee of the Company
Group	The Company together with its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HK$	Hong Kong dollar, the lawful currency of Hong Kong
INED(s)	Independent Non-executive Director(s) of the Company
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Main Board	The main board of the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Network Access Licence	Network Access Licence for Telecommunications Equipment
Nomination Committee	The Nomination Committee of the Company
PRC or China	The People's Republic of China
Remuneration Committee	The Remuneration Committee of the Company

Glossary

RMB	Renminbi, the lawful currency of the PRC
Mr. Sun Zheng	Sun Zheng（孫政）, a director of certain indirect non-wholly owned subsidiaries of the Company, a substantial shareholder of Beishang by virtue of being a register owner of Beishang holding 60% equity interests in Beishang
Mr. Bai Lan	Bai Lan（白嵐）(a deceased), a shareholder of Beishang by virtue of being a register owner of Beishang holding 40% equity interests in Beishang and the spouse of Ms. Quan
Ms. Quan	Quan Hong（權紅）, the spouse of Mr. Bai Lan and the successor of Mr. Bai Lan in respect of (i) Mr. Bai Lan's 40% equity interests in Beishang; (ii) Mr. Bai Lan's rights and obligations under the Contractual Arrangement; and (iii) Mr. Bai Lan's interests in BailanBS Limited
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of the Company
Shareholder(s)	Holder(s) of the Share(s)
Share Consolidation	The share consolidation on the basis that every five issued Shares consolidated into one consolidated Share, which came into effect from 19 August 2019
SMS	Short Message Service
Stock Exchange	The Stock Exchange of Hong Kong Limited
Subscription	The subscription of the Subscription Shares and the Convertible Bonds by Oriental Solar Group Limited pursuant to the terms and conditions of the Subscription Agreement
Subscription Agreement	The subscription agreement dated 8 March 2020 entered into between the Company and Oriental Solar Group Limited in connection with the Subscription
Subscription Shares	A total of 1,100,000,000 new Shares issued and allotted to Oriental Solar Group Limited on 13 July 2020 pursuant to the terms and conditions of the Subscription Agreement
TOR	Terms of reference
US$	Unites States dollar, the lawful currency of United States of America