



**HENGYANG PETROCHEMICAL LOGISTICS LIMITED**

(Incorporated in Singapore on 23 April 2008)  
(Company Registration Number: 200807923K)

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS  
AND AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the “**Directors**”) of Hengyang Petrochemical Logistics Limited (the “**Company**”) refers to its full year results announcement for the financial year ended 31 December 2022 (“**FY2022**”) dated 24 February 2023 (the “**Preliminary Unaudited Results FY2022**”).

Pursuant to Rule 704(5) of the Listing Manual (Section B : Rules of Catalyst) of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”) the Company wishes to announce that there are certain material variances between the audited financial statements of the Company and its subsidiaries (the “**Audited Results FY2022**”) and the Preliminary Unaudited Results FY2022.

**Material variances**

The details and explanation of the material variances between the Audited Results FY2022 and the Preliminary Unaudited Results FY2022 are shown below:

Consolidated statement of profit or loss and other comprehensive income of the Group

<b>RMB'000</b>	<b>Preliminary Unaudited Results FY2022</b>	<b>Audited Results FY2022</b>	<b>Variance</b>	<b>Explanatory Note</b>
Other income	394	394	-	
Administrative and other expenses	(4,553)	(4,553)	-	
Interest expense	(4)	(4)	-	
Share of result of joint venture	(5,408)	(5,408)	-	
Gain on dilution of equity interest in joint venture	-	28,463	28,463	A
<b>(Loss)/Profit before tax</b>	<b>(9,571)</b>	<b>18,892</b>	<b>NA</b>	
Income tax expense	31	31	-	
<b>Net (loss)/profit for the financial year</b>	<b>(9,540)</b>	<b>18,923</b>	<b>NA</b>	
<b>Total comprehensive (loss)/profit attributable to:</b>				
Owners of the parent	(9,540)	18,923	NA	
	<b>(9,540)</b>	<b>18,923</b>	<b>NA</b>	
<b>(Loss)/Earnings per Share (RMB cents):</b>				
Basic	(4.69)	9.30	NA	
Diluted	(4.69)	9.30	NA	

Consolidated statement of financial position of the Group

<b>RMB'000</b>	<b>Preliminary Unaudited Results FY2022</b>	<b>Audited Results FY2022</b>	<b>Variance</b>	<b>Explanatory Note</b>
<b>Non-current assets</b>				
Investment in joint venture	507,809	536,272	28,463	A
Right of use asset	49	49	-	
	507,858	536,321	28,463	
<b>Current assets</b>				
Other receivables	15	15	-	
Amount owing by related parties	196	196	-	
Cash and cash equivalents	37,410	37,410	-	
	37,621	37,621	-	
Less:				
<b>Current liabilities</b>				
Other payables	1,186	1,186	-	
Amount owing to directors	831	831	-	
Current income tax payable	28	28	-	
Lease liability	52	52	-	
	2,097	2,097	-	
<b>Net current assets</b>	35,524	35,524	-	
Less:				
<b>Non-current liability</b>				
Lease liability	-	-	-	
<b>Net assets</b>	543,382	571,845	28,463	
<b>Equity</b>				
Share capital	289,064	289,064	-	
Other reserve	83,004	83,004	-	
Retained earnings	171,314	199,777	28,463	
<b>Total equity</b>	543,382	571,845	28,463	

**Explanation of material variances**

(A) "Gain on dilution of equity interest in joint venture" and "Investment in a joint venture"

The gain on dilution of equity interest in joint venture is arising from the additional capital injection into the joint venture entity of the Company, Jiangyin Foreversun Chemical Logistics Co., Ltd. (the "joint venture"). As at 31 December 2022, the equity interest held by the Group has decreased from 49% to 41.36% due to dilution of its interest in joint venture.

There is no clear guidance in relation to the accounting treatment of the abovementioned transaction. Consideration has to be made on the recording of the financial effect of diluted interest in joint venture. The Group has disclosed the preliminary amount as a reconciling item - "Dilution effect of capital increase" under N7.4 of the Preliminary Unaudited Results FY2022.

The accounting for the dilution of interest in joint venture involved determination of the Group's diluted interest in the joint venture as well as the Group's corresponding share of net assets in the joint venture after capital injection by its joint venture partners. The Group has since finalised the accounting treatment and recognised the increased share in the net assets of the

joint venture as a “Gain on dilution of equity interest in joint venture” amounting to RMB28.46 million in the income statement.

**By Order of the Board**

GU WEN LONG  
Director and Chief Executive Officer

10 April 2023

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*This announcement has been reviewed by the Company's Sponsor, Xandar Capital Pte Ltd (“**Sponsor**”). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Pauline Sim, Head of Corporate Finance, at 3 Shenton Way, #24-02 Shenton House, Singapore 068805, telephone (65) 6319 4954.*