

恒阳

HENGYANG
PETROCHEMICAL LOGISTICS LIMITED



**INFINITE
POSSIBILITIES**
ANNUAL REPORT 2021

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CORPORATE PROFILE

Established in 2002, Hengyang Petrochemical Logistics Limited and its subsidiaries (the “**Group**”) is a leading logistics service provider for the petrochemical industry in the People’s Republic of China (“**PRC**”). The Group provides storage and land transportation services for different types of bulk liquid petrochemicals, gases and oils such as Methanol, Acetic Acid, Phenol, Acetone, Styrene, Ethylene Glycol, Polyether Polyol, Propane, Butane, Gasoline, Diesel, Kerosene, Fuel Oil and Base Oil. The Group’s petrochemical storage business offers whole-tank leasing services for a fixed period of time (typically for one year) and spot leasing services for a period ranging from one month to three months.

The Group has a diverse clientele base of domestic and international customers, a majority of which are petrochemical manufacturers and distributors such as Dow Chemical (Shanghai) Co., Ltd., Sinopec Chemical Products Sales Co., Ltd, PetroChina Company Limited, China National Offshore Oil Corporation (“**CNOOC**”), CNOOC and Shell Petrochemicals Co., Ltd., Sinochem International Corporation, Zhejiang Petroleum & Chemical Co., Ltd., Hengli Petrochemical Co., Ltd., Shenghong Petrochemical Group, Shaanxi Changqing Energy & Chemical Co., Ltd., Mitsui & Co. Ltd., Chongqing Carbinol Chemical Industry Co., Ltd. and Jiangyin Golden Bridge Chemical Co., Ltd..

The Group has established five logistics facilities at Jiangyin City and Jingjiang City in the Jiangsu Province, Wuhan City in the Hubei Province, Yueyang City in the Hunan Province and Changshou District of Chongqing City. We devote ourselves to building an integrated logistics network which includes water, land and railway services along the Yangtze River in order to provide an all-inclusive logistics service for our customers.

The Group’s storage facilities at Jiangyin (“**ForeverSun Facility**”) and Jingjiang (“**Deqiao Facility**”) in the Jiangsu Province are strategically located on the southern and northern bank of the Yangtze River near the river mouth, providing easy access to vital business partners as well as industrial transportation and distribution networks for petrochemicals in the PRC.

The Group’s first terminal, the ForeverSun Facility, has a storage base of 48 storage tanks with an aggregate storage capacity of 138,600 cubic meters. With more than one third of these storage tanks being stainless steel, the Group owns one of the

largest stainless steel storage facilities in the Yangtze Delta Region. Meanwhile, the ForeverSun Facility is the first facility in the region that obtained the qualification for the storage, sub-contract and transit of food-grade additives. It is also one of the transaction warehouses certified by the Dalian Commodity Exchange.

The Deqiao Facility comprises 139 storage tanks with an aggregate capacity of 547,500 cubic meters and two petrochemical jetties, of which 21 are spherical tanks with a total capacity of 39,000 cubic meters for the storage of liquefied petroleum gases and olefins. It is also one of the transaction warehouses certified by the Zhengzhou Commodity Exchange.

In recent years, the Group has further expanded its foothold to become a one-stop service and solutions provider along the Yangtze River with the inception of three subsidiaries in Wuhan City (“**Wuhan Facility**”), Chongqing City (“**Chongqing Facility**”) and Yueyang City (“**Yueyang Facility**”). These subsidiaries are located along the middle and upper reaches of the Yangtze River, where key petrochemical hubs are located.

Located in Yueyang City in the Hunan Province, the Phase I of the Yueyang Facility was put into operation in August 2014, which comprises 40 storage tanks with an aggregate capacity of 72,000 cubic meters.

Located in the Chemical Industrial Park in Wuhan City in the Hubei Province, the construction of Phase I of the Wuhan Facility had been completed and the trial operation had commenced in February 2015. The Phase I of the Wuhan Facility comprises 38 storage tanks with an aggregate capacity of 88,000 cubic meters. The construction of Phase II of the Wuhan Facility had commenced in August 2021 which comprises 34 storage tanks. The total capacity would be 300,000 cubic meters upon completion of the construction of Phase II project.

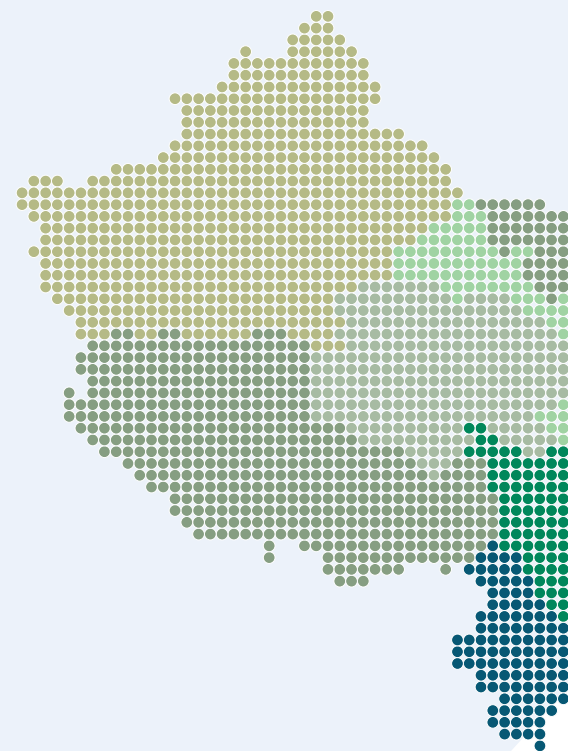
In addition, a petrochemical jetty at the Chongqing Facility was put into operation in August 2014. The construction of the tank farm had commenced at the end of 2019 which is planned to put into operation in the first half of the financing year ending 2022.

With the completion of Phase II of the Wuhan, Yueyang and Chongqing Facilities anticipated in the next one or two years, the Group is expected to continue to increase its storage capacity.

The Group has set the safety vision of “*Pursue Essential Safety, Establish Industrial Benchmark*”, and strictly upholds the safety policy of “*People Oriented, Safety First, Prevention First, Comprehensive Treatment*”. It aims to reach the goal of “No accident, No injury and No pollution” and cultivate a favourable safety culture in order to become the leader in the industry with advanced HSSE management.

As a testament to their high standards of quality, the ForeverSun Facility, Deqiao Facility, Wuhan Facility and Yueyang Facility have been accredited by the Quality Certification Centre (“**CQC**”) and IQ Net for the compliance with the ISO9001:2015 and GB/T 19001-2016 standards.

In recognition of their commitment to corporate social responsibility, the ForeverSun Facility, Deqiao Facility, Wuhan Facility and Yueyang Facility have also been accredited by CQC and IQ Net for the compliance with their Environmental Management standards – OHSAS 18001:2007 and GB/T 28001-2011 and their Occupational Health and Safety Management standards – ISO 14001:2004 and GB/T24001-2004.



公司简介

恒阳石化物流有限公司及其子公司（以下合称“集团”）成立于2002年，是中国一家领先的石化产业物流服务商，专业从事港口码头的建设与经营。集团为多种液体、气体石化产品及油品提供仓储、运输服务。产品包括甲醇、醋酸、苯酚、丙酮、苯乙烯、乙二醇、聚醚多元醇、丙烷、丁烷、汽油、柴油、煤油、燃料油和基础油等。集团的仓储服务包括提供固定期限（一般是一年）的包罐租赁服务以及1-3个月的零租服务。

集团拥有多元化的国内外客户基础，与多家大型的国内外石化企业保持着稳定的合作关系，其中大多数为石化产品的制造商和分销商，例如陶氏化学（上海）有限公司、中石化化工销售有限公司、中国石油天然气股份有限公司、中海油集团有限公司、中海壳牌石油化工有限公司、中化国际（控股）股份有限公司、浙江石油化工有限公司、恒力石化股份有限公司、盛虹石化集团有限公司、陕西长青能源化工有限公司、三井物产（上海）贸易有限公司、重庆卡贝乐化工有限责任公司和江阴市金桥化工有限公司等。

目前，集团在江苏江阴、江苏靖江、湖北武汉、湖南岳阳、重庆长寿投资兴建了五家仓储公司和一家运输公司，致力于打造长江沿线一体化的物流网络，实现长江上下游联动、长江南北联动，继而进一步实现水、公、铁联动，为客户提供多方位的仓储物流一体化服务。

集团在江苏省江阴市（以下简称“江阴项目”）和靖江市（以下简称“靖江项目”）的两个仓储基地分别位于长江入海口附近的南北岸线——这一战略优势使得我们更加接近国内外的商业重要合作伙伴及在中国石化产品的运输及分销中心。

集团源于江阴项目，该项目位于江苏省江阴市境内长江南岸，拥有48座储罐，总罐容13.86万立方米。超过三分之一的储罐为不锈钢材质，集团因而成为长江三角洲地区拥有最大不锈钢储罐罐容的罐区之一。同时，江阴项目是该地区内首家拥有承接食品级化学品仓储、分包和中转业务资质的物流企业。该项目已获得大连商品交易所的乙二醇交割仓库资质。

德桥项目位于江苏省靖江市境内长江北岸，是集团规模最大综合性最强的项目，目前拥有2个石化专用码头及139座储罐，总罐容为54.75万立方米，包括罐容量为3.9万立方米的21座压力球罐，可以存放各类液化石油气及各类烯烃产

品。该项目已获得郑州商品交易所的甲醇交割仓库资质。

近年来，集团作为最早发展长江石化物流的战略投资者之一，进一步扩大规模，开始了沿长江发展战略，先后在武汉（以下简称“武汉项目”）、重庆（以下简称“重庆项目”）及岳阳（以下简称“岳阳项目”）成立了三家子公司。这三家子公司分别位于长江中上游地区的重要石化产业枢纽地带，使得集团成为沿长江流域的一站式的石化物流服务供应商。

岳阳项目位于湖南省岳阳市临港产业新区，一期的40座储罐和1个泊位已于2014年8月投入运行，罐容为7.2万立方米。

武汉项目位于湖北省武汉市化学工业园区，是园区液体散化品唯一指定中转仓库。该项目一期工程拥有的38座储罐及2个泊位已于2015年2月投入运行，罐容为8.8万立方米。该项目二期工程已于2021年8月正式开工建设，包括34座储罐及3个泊位。建成后，武汉项目总罐容将达到30万立方米。

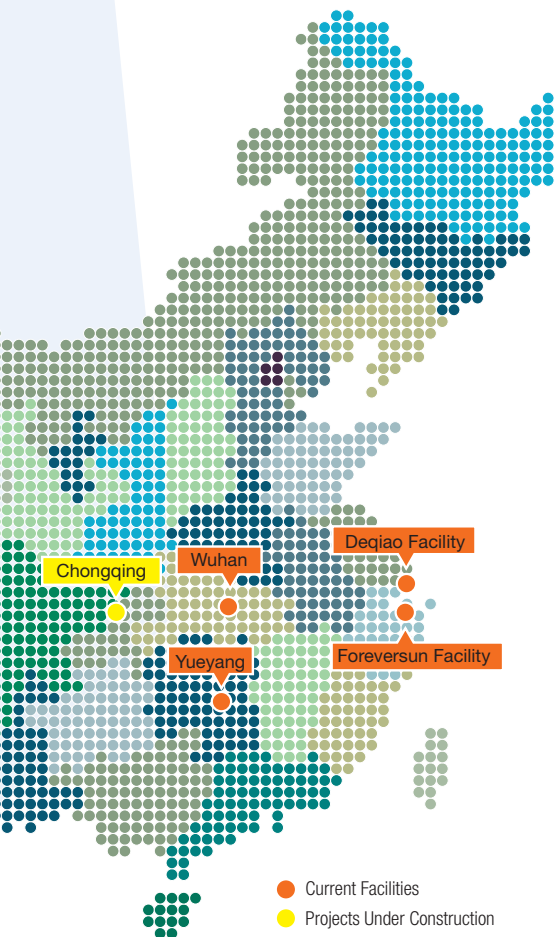
另外，重庆项目的化工码头已建设完成，其中的1个泊位已于2014年8月投入运营。该项目的罐区部分已于2019年年底开工建设，计划2022年上半年完工后投产。

在未来的一到两年内，随着武汉、岳阳二期项目的建成投运以及重庆项目二期罐区工程的完工，集团的总罐容将继续增加。

集团以“追求本质安全，树立行业标杆”为安全愿景，始终坚持“以人为本，安全第一，预防为主，综合治理”的安全方针，旨在实现“零事故、零伤亡、零污染”的安全目标，构建良好的安全文化氛围，保持行业内领先的HSSE管理水平。

作为高标准的质量证明，江阴项目、德桥项目、武汉项目和岳阳项目均已荣获了中国质量认证中心和国际认证联盟联合颁发的ISO9001:2015和GB/T19001-2016质量管理体系认证证书。

另外，作为一个有社会责任感的企業，江阴项目、德桥项目、武汉项目和岳阳项目还均荣获了由中国质量认证中心颁发的OHSAS18001:2007及GB/T28001-2011职业健康安全管理体系认证证书、ISO14001:2004及GB/T24001-2004环境管理体系认证证书。



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, Management and staff of Hengyang Petrochemical Logistics Limited ("Hengyang" or the "Company", together with its subsidiaries, the "Group"), I would like to extend my sincere gratitude to our shareholders, clients and business partners for their valuable support which has served to tide us through the challenging business environment encountered during the financial year ended 31 December 2021 ("FY2021"). Your understanding and encouragement enabled the Group to persevere and continue to develop during these difficult times.

The COVID-19 pandemic has been raging around the world all year and is still on-going. In that regard, I would like to convey my well wishes to you and your families for good health and work success.

The combination of COVID-19 and global trade tensions have had a significant impact on national economies. Notwithstanding the increasingly stringent regulatory situations and fierce competition faced, the Group has preserved and has overcome its difficulties. The Group has built upon past developments and made breakthroughs in its business performance.

RISE IN DEVELOPMENT WHILE MAINTAINING STABILITY

Despite the complex and ever-changing international environment and the spread of COVID-19, China's national economy continued to recover and grow by 8.1% year on year, with a GDP exceeded 114 trillion yuan. As a whole, China's petroleum and chemical industries in 2021 operated steadily, and major economic indicators grew rapidly, setting a new historical record. With the rapid development of China's chemical industry (especially the petrochemical industry in recent years), the domestic demand for crude oil, natural gas and other fuels is getting higher and higher. In addition, domestic refining capacity continues to expand with crude oil processing volume and refined oil consumption keep increasing year by year. Driven by supply and demand, petrochemical storage demand as a whole also maintained a good prospect.

In FY2021, the Group recorded a loss of RMB23.57 million. This was mainly due to the loss of disposal amounted to RMB18.74 million arising from the transfer of 2% shareholding interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. ("**China Holdco**") from Hengyang Holding Pte. Ltd. to CITIC Port Investment Co., Ltd.

CHINA HOLDCO

China Holdco's revenue from continuing operation increased by 29.93% from RMB344.1 million in the financial year ended 31 December 2020 ("**FY2020**") to RMB447.08 million in FY2021. To elaborate, revenue from the storage segment increased by 23.42% and revenue from the transportation segment increased by 47.88%. In line with the higher revenue, the cost of sales also increased by 42.13% or RMB101.42 million, including 27.32% or RMB43.49 million from storage service segment and 71.04% or RMB57.93 million from transportation segment. As a result, the gross profit increased by 1.54% from RMB103 million in FY2020 to RMB105 million in FY2021. Despite the higher gross profit, China Holdco recorded a net loss of RMB5.66 million in FY2021 due to increased cost of operations.

CHAIRMAN'S STATEMENT

CONTINUOUS IMPROVEMENT OF CORPORATE GOVERNANCE

Good corporate governance is key to the implementation of strategic initiatives and realizing the future visions of the Group. We continue to improve the Group's internal governance level, build a comprehensive and effective risk compliance and internal control management system, and strengthen the foundation of corporate governance to achieve effective results. Meanwhile, we are committed to upholding "Safety First" in production, promoting improvements in our Health, Safety and Environment Management System and team safety construction activities. We have established enhanced and comprehensive rules and regulations on safety production, which we are committed to strictly comply with in our business operations.

STEADY PROGRESS OF VARIOUS PROJECTS

In line with the Group's strategy of expanding its market presence along the Yangtze River, the Group's current facilities are strategically located to provide easy accessibility to clients in the entire Yangtze River area. Both phase one of the Wuhan Project and phase one of the Yueyang Project have seen positive progress and have achieved their respective design requirements. A breakthrough has been made in the approval of Yueyang Phase II project. The Phase II of Wuhan

project has obtained the construction permit in August 2021 and construction is currently underway according to plan. We have commenced the construction of the tank farm for the Chongqing Project at the end of 2019 and the said construction is nearing completion. In view of the aforementioned projects and their respective phases of development, the Group is expected to continue to increase its overall storage capacity. This will hopefully enable us to become one of the major petrochemical logistics service providers along the Yangtze River in the near future.

To strengthened safety supervision, the Group will use digital technology to improve its operation and management capabilities. The Group will continue to transform and upgrade its operational capacities without compromising on its safety, margin and efficiency.

In order to provide customers with more value-added services, the Group's logistics service integration strategy is to tap on the opportunities between the upstream and downstream of the Yangtze River and between the north and south banks of the Yangtze River, to explore a new business development model to become a one-stop petrochemical logistics service solutions provider along the Yangtze River.

APPRECIATION AND ACKNOWLEDGEMENTS

In closing, on behalf of the Board and the Management, I wish to thank our staff, business partners, clients and other key stakeholders for their long-term trust and support. On our part, we will continue to work diligently to become a top supply chain service provider which is trusted by our customers, supported by our shareholders and respected by the society; we will strive to ensure our efforts reap long-term benefits for the Group and continue to deliver more value for the society as well as our stakeholders.

Yours faithfully,

ANTHONY NG

*Non-Executive Independent Chairman of
the Board*



董事长致辞

尊敬的各位股东：

大家好！

首先，请允许我代表恒阳石化物流有限公司（“恒阳”或“集团”）董事会全体成员、公司管理层和全体员工向全体股东、客户及合作伙伴致以最诚挚的谢意。是你们的理解与支持让我们做到了坚持和继续发展。

2021年度安全生产工作

先进单位

靖江市交通运输局
二〇二二年一月

2021年度中国化工物流管理优秀案例

供应链创新管理案例

编 号：数字供应链开放全球上操作
申报单位：武汉恒阳化工储运有限公司

中国物流与采购联合会
二〇二二年一月



董事长致辞

2021年，新型冠状病毒肺炎疫情在全球范围内肆虐了一整年，并且依然还在延续。在此，衷心祝愿您和家人身体健康，工作顺利。

目前新冠疫情与全球贸易紧张局势产生的叠加影响对各国经济都产生了极大的冲击。面对越来越严的监管形势和越来越激烈的竞争形势，集团在攻坚克难中蝶变成长，在一脉传承中谋求发展，经营业绩取得新的突破。

发展趋势稳中有升

2021年，面对复杂严峻的国际环境和国内疫情散发等多重考验，中国国民经济持续恢复发展，中国经济同比增长8.1%，国内生产总值超114万亿元。面对国内外风险挑战明显上升的复杂局面，2021年中国石油和化工行业运行总体平稳有序，主要经济指标较快增长，创造了新的历史记录。随着中国化工行业特别是石油化工业近年来发展势头迅猛，国内对于原油、天然气等燃料的需求越来越高，国内炼油产能持续释放，原油加工量与成品油消耗量保持逐年提速增长趋势。在供给及需求推动下，石化仓储需求整体也保持较好的景气度。

集团2021财政年度产生了2,357万元人民币的亏损，主要是由于恒阳控股转让其持有的江阴恒阳2%股权至中信港口投资有限公司产生了1,874万元的股权转让亏损。

江阴恒阳

江阴恒阳2021财政年度的收入为4.47亿元人民币，同比2020财年的3.44亿元人民币增加了29.93%，其中仓储业务收入增长23.42%，运输业务收入增长47.88%。收入增长的同时导致成本增加，2021年成本同期增长42.13%或者10,142万元人民币，其中仓储业务成本增长27.32%或者4,349万元人民币，运输业务成本增长71.04%或者5,793万元人民币。江阴恒阳的毛利润从2020财年的1.03亿元人民币增长至1.05亿元人民币，同比增长1.54%。然而，营业费用的增加导致江阴恒阳在2021财年产生了人民币566万元的亏损。

公司治理持续提升

良好的公司治理是落实一系列战略举措、实现未来愿景的重要保障。我们持续提升集团内部治理水平，持续构建全面有效的风险合规与内控管理体系，夯实公司治理的基石取得积极实效。同时，我们始终把“安全”作为生产的第一要义，持续推进HSE管理提升和班组安全建设活动，形成了独具特色的安全文化氛围。

项目进展稳步推进

按照集团向沿江内陆市场开发的战略，集团目前的业务已较完整覆盖整个长江流域。武汉项目一期和岳阳项目一期运行状况良好，岳阳二期项目审批已取得突破性进展，武汉项目二期已于2021年8月取得施工许可证，目前正在按照计划建设中。重庆项目罐区部分自2019年年底前正式开工，项目建设已接近尾声。因此，集团的总库容在未来的一至两年内将继续增加。这将使得我们在不久的将来有望成为长江沿线最大的石化物流服务供应商之一。

面对持续加强的安全监管力度，集团将借助数字化技术，不断提升自身的运营管理能力，在确保安全的基础上转型升级，降本增效。

旨在为客户提供更多的增值服务，集团实施物流服务一体化战略，利用长江上下游联动、长江南北联动优势，发掘了新的业务发展模式，为尽快实现使其成为长江沿线的一站式石化物流服务解决方案供应商。

致谢

最后，我谨代表董事会和管理层，衷心感谢我们的员工、业务伙伴、客户及股东的长期信任及鼎力支持。我们也将戮力同心、奋斗不辍，努力打造受客户信赖、受股东拥护、受社会尊重的一流供应链服务供应商，为集团获取长期利益，为社会和股东创造更大的价值！

此致，

黄坤龙

非执行主席兼独立董事

CORPORATE INFORMATION

BOARD OF DIRECTORS

Anthony Ng Koon Leng

*(Non-Executive Independent
Chairman of the Board)*

Tee Tuan Sem

*(Vice Chairman and Executive
Director)*

Gu Wen Long

*(Executive Director and Chief
Executive Officer)*

Xie Yu

(Non-Executive Director)

Diong Tai Pew

(Lead Independent Director)

AUDIT COMMITTEE

Diong Tai Pew

(Chairman)

Xie Yu**Anthony Ng Koon Leng**

REMUNERATION COMMITTEE

Anthony Ng Koon Leng

(Chairman)

Diong Tai Pew**Xie Yu**

NOMINATING COMMITTEE

Anthony Ng Koon Leng

(Acting Chairman)

Diong Tai Pew**Xie Yu**

1105
海关监管

1106
海关监管

CORPORATE INFORMATION

AUDITORS

BDO LLP

Public Accountants and Chartered Accountants

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Ng Kian Hui

(Appointed since the financial year ended 31 December 2018)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

REGISTERED OFFICE

10 Anson Road
#25-06 International Plaza
Singapore 079903

JOINT COMPANY SECRETARIES

Yap Lian Seng, LLB (Hons)

(Appointed from 30 May 2012)

Dr Qiu Yang

(Chartered Secretary, ACS, ACG)

(Appointed from 28 February 2019)

OPERATING AND FINANCIAL REVIEW

Since June 2017, the Group applied the equity accounting method for its interests in Jiangyin Foreversun Chemical Logistics Co., Ltd (the "China Holdco"). Between June 2017 and September 2021, the Group had 51% interest in China Holdco. On 24 September 2021, the Group disposed 2% shareholding of China Holdco, with remaining 49% interests in China Holdco. The Company is an investment holding company with no direct source of revenue and accounts for its share of results of China Holdco.

In FY2021, there was a loss of RMB1.47 million arising from share of results of China Holdco, which decreased by 51.8% or RMB1.58 million compared to a loss of RMB3.05 million in FY2020. The Group recorded a net loss attributable to owners of the parent of RMB23.57 million in FY2021 as compared to a profit of RMB5.53 million in FY2020. The profit decline was mainly due to the loss on partial disposal of 2% shareholding of China Holdco in September 2021 which resulted in loss of RMB18.74 million.

CHINA HOLDCO

During the financial year, China Holdco had an increase in its revenue from continuing operation by 29.93% or RMB102.98 million from RMB344.1 million in FY2020 to RMB447.08 million in FY2021. This was due to RMB59.13 million or 23.42% growth of storage service segment and RMB43.86 million or 47.88% increase in transportation segment.

The increased revenue from the storage service segment was mainly due to:

- (a) RMB60.67 million increase in revenue from Deqiao Logistics Co.,Ltd., ("Deqiao"), with the resumption of its operation in September 2020;
- (b) RMB5.37 million increase in revenue from Yueyang Hengyang Petrochemical Logistics Co., Ltd. ("Yueyang Hengyang"), as it achieved pre-pandemic revenue level; offset by
- (c) RMB7.78 million decrease in revenue from Jiangyin Foreversun Chemical Logistics Co., Ltd. ("Jiangyin Hengyang"), as a result of the decrease in capacity utilisation.

The increase of revenue from transportation segment as it achieved pre-pandemic revenue level in FY2021.

In line with the higher revenue, China Holdco's cost of sales from continuing operation increased by 42.13% or RMB101.42 million from RMB240.74 million in FY2020 to RMB342.16 million in FY2021, including RMB43.49 million from storage service segment and RMB57.93 million from transportation segment.

The increase in cost of sales in the storage segment was mainly due to the depreciation recognized as cost and increases in manpower cost arising from the resumption of Deqiao's operation in September 2020.

The increase in cost of sales in the transportation segment is in line with the increase in revenue.

In FY2021, China Holdco completed the disposal of its entire 85% interest in Jiangsu Xinheng Supply Chain Management Service Co., Ltd. ("Jiangsu Xinheng") for an aggregate cash consideration of RMB18,062,500 (the "Disposal"). As a result of the Disposal, Jiangsu Xinheng is classified as discontinued operations, and revenue from Jiangsu Xinheng which amounted to RMB766.17 million in FY2020 and RMB21.95 million in FY2021 as well as cost of sales from Jiangsu Xinheng which amounted to RMB761.76 million in FY2020 and RMB21.94 million in FY2021 have been excluded from these line items.

The administrative and other expenses of China Holdco increased by 14.86% or RMB9.2 million from RMB61.94 million in FY2020 to RMB71.14 million in FY2021. The increase was mainly due to the increase in manpower cost and sales-related expenses with the resumption of Deqiao's operation in September 2020.

Finance costs of China Holdco increased by RMB21.66 million or 50.27%, from RMB43.08 million in FY2020 to RMB64.74 million in FY2021, mainly due to the borrowing costs of Deqiao's facility which was previously capitalised but now expensed since its resumption of operation.

Arising from the above, China Holdco recorded a net loss of RMB5.66 million for FY2021 as compared to a net loss of RMB5.93 million for FY2020, which decreased by 4.55% or RMB0.27 million.



FINANCIAL HIGHLIGHTS

KEY FINANCIAL FIGURES

RMB'000	2021	2020
INCOME STATEMENT		
Loss for the financial year	-23,568	-2,735
Loss/profit attributable to owners of the parent	-23,568	5,529
BALANCE SHEET		
Cash and cash equivalents	40,990	44,823
Total assets	554,579	578,695
Total liabilities	1,657	2,205
Total equity	552,922	576,490
CASH FLOW STATEMENT		
Net cash used in operating activities	-4,375	-5,213
Net cash generated from/(used in) investing activities	650	-34,713
Net cash used in financing activities	-55	-56
KEY RATIO		
Cash to total assets	7.39%	7.75%



BOARD OF DIRECTORS

MR ANTHONY NG KOON LENG

NON-EXECUTIVE INDEPENDENT
CHAIRMAN OF THE BOARD

Mr Anthony Ng Koon Leng (“**Mr Ng**”) is our Non-Executive Chairman and Independent Director. He was appointed to our Board on 19 November 2008. He is also the Chairman of our Remuneration Committee and Nominating Committee, and a member of our Audit Committee.

Prior to joining the Group, Mr Ng started his career as a ship’s officer on merchant navy vessels serving in the worldwide trade. In 1984, he joined SGS Singapore (Pte) Ltd. (a member of the SGS Group, which is engaged in inspection, verification, testing and certification globally). In 1997, Mr Ng was seconded to SGS China Co., Ltd. based in Shanghai as a director in charge of the OGC division for China and Hong Kong. In 2001, he left the SGS Group to join BP Singapore Pte Ltd as the Regional Logistics Technical & Safety manager responsible for the Asia Pacific region. In 2007, he eventually rejoined the SGS Group as a vice president in charge of Asia Pacific, OGC business development and sales. In 2018, Mr Ng left the SGS group to join CAC Logistics Services Pte Ltd as Managing Director. Mr Ng graduated from the School of Nautical Studies in 1978 and obtained a Diploma in Business Administration from the National Productivity Board, Singapore in 1993.

MR GU WEN LONG (顾文龙)

EXECUTIVE DIRECTOR AND CHIEF
EXECUTIVE OFFICER

Mr Gu Wen Long (“**Mr Gu**”) is our Executive Director and Chief Executive Officer.

He has been the Chief Executive Officer of Jiangyin Foreversun since November 2002. He was appointed to our Board on 23 April 2008. He is responsible for the daily operations of the Company and the formulation of the overall business strategies and policies for our Group. Mr Gu started his career in 1988 in the Jiangyin City Planning Committee, where he served as the deputy section chief, mainly involved in the implementation of relevant governmental plans. From 1993 to 1996, he was appointed as the vice general manager of Jiangyin City Third Industry Development Co., Ltd., where his primary responsibility was to oversee the business of coal trading. From 1996 to 2002, Mr Gu served as the manager of the credit loan management department of Shanghai Pudong Development Bank (Jiangyin Branch) where he was in charge of personal and corporate loan management.

Mr Gu graduated from Nanjing University in 1988 with a bachelor’s degree in Economics.

MR TEE TUAN SEM

VICE CHAIRMAN AND EXECUTIVE
DIRECTOR

Mr Tee Tuan Sem (“**Mr Tee**”) is our Vice Chairman and Executive Director and was appointed to our Board on 15 August 2008.

Prior to joining our Group, Mr Tee was an audit manager in Tet. O Chong & Co., (an established firm of public accountants) from 1976 to 1980, where he was mainly in charge of statutory audit and tax matters. Mr Tee joined Integrated Forwarding & Shipping Berhad (whose main business includes freight forwarding, transportation and distribution and which is a subsidiary of Integrated Logistics Berhad (“ILB”), a logistics conglomerate listed on Bursa Malaysia) as the company’s chief accountant in 1981. He was subsequently promoted to the position of finance director in 1998 and chief executive officer of ILB in 2001, a position which he currently holds. One of Mr Tee’s main responsibilities as the chief executive officer at ILB is overseeing and leading the strategic growth of the company’s operations in China and Dubai.

Mr Tee graduated from Tunku Abdul Rahman College in 1976. He is a Fellow Member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants.



BOARD OF DIRECTORS

MR XIE YU (谢瑀)

NON-EXECUTIVE DIRECTOR

Mr Xie Yu (“**Mr Xie**”) is our Non-Executive Director and was appointed to our Board on 19 November 2008. He is a member of our Audit Committee, Nominating Committee and Remuneration Committee.

He started his career in 1988 as the head of the enterprise department in Jiangsu Province State-Owned Properties Management Bureau. In 1998, he assumed the position of deputy general manager at the Nanjing Branch of Nanfang Securities, a position he held until 2002. At Nanfang Securities, he was mainly in charge of investment banking and securities trading related matters. From 2003 to 2006, he was the chairman of Shanghai Kanghong Investment Co., Ltd. Mr Xie is currently a director of Jiangsu Fuyou Technology Co., Ltd, Nanjing Haofu New Material Co., Ltd, Pingxiang Fuyou Business Consulting Co., Ltd, and Jadestone Development Ltd. respectively and the general partner of Ningbo Furun Sanhe Partnership and Ningbo Runhao Investment Partnership respectively.

Mr Xie obtained his Bachelor of Economics degree from Nanjing University in 1988 and his graduation certification for a Master's programme in Public Finance from Suzhou University in 1995.

MR DIONG TAI PEW

NON-EXECUTIVE AND
LEAD INDEPENDENT DIRECTOR

Mr Diong Tai Pew (“**Mr Diong**”) is our Non-Executive, Lead Independent Director and was appointed to the Board on 19 November 2008. He is the Chairman of our Audit Committee and a member of our Nominating Committee and Remuneration Committee.

Mr Diong began his career in 1976 in a chartered accountants' firm in Singapore. He is now practising as a public accountant in Singapore under CA Diong. Mr Diong is currently a non-executive independent director of V.S. International Group Ltd., a public listed company in Hong Kong, and a non-executive independent director of V.S. Industry Berhad (VSIB), a public listed company in Malaysia. Mr Diong is the chairman of the Audit and Risks Management Committee of VSIB. Mr Diong obtained his Diploma in Commerce from Tunku Abdul Rahman College, Malaysia in 1976. He is currently a Fellow Member of the Institute of Singapore Chartered Accountants, a Member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Tax Institute of Malaysia.



KEY MANAGEMENT

MR WANG WEIZHONG (王伟忠)

CHIEF OPERATING OFFICER (“COO”)

Mr Wang Weizhong (“**Mr Wang**”) is our Chief Operating Officer in charge of the day-to-day operations as well as sales and marketing of the Group. Mr Wang was appointed to his present role on 19 June 2015. Mr Wang has extensive experience, qualifications and knowledge in the petrochemical logistics industry in the People’s Republic of China (“**PRC**”).

Mr Wang worked for Jiangsu Province Light Industrial Products Import/Export Co., Ltd. (江苏省轻工业品进出口公司) as a staff from July 1985 to July 1991 and subsequently joined Zhongshan Light Industry Product Co., Ltd. (香港钟山轻工业品有限公司) as a sales manager responsible for import and export business in light industrial products from July 1991 to April 1992. From April 1992 to December 1998, he went back to Jiangsu Province Light Industrial Products Import/Export Co., Ltd. as department head, where he was responsible for daily operations of the company. From December 1998, Mr Wang joined Hong Kong Shanshui Outdoor Equipment Co., Ltd. (香港山水户外用品有限公司) as a deputy general manager until November 2003, where his main responsibilities included production, sales and marketing, quality control, accounting and human resources management. From 2003 to 2011, Mr Wang was with our Group and was promoted to be the Group’s COO since 2009 and was responsible for the day-to-day operations and sales and marketing of our Group. From 2011 to 2014, Mr Wang was with High Hope Zhongding Corporation as its deputy general manager, responsible for its daily operations. Mr Wang rejoined our Group as COO in June 2015.

Mr Wang graduated from Nanjing University (南京大学) with an associate degree in international trading in 1993. He received his qualification as Export Salesman from the Ministry of Foreign Trade and Economic Cooperation of the PRC in 1988.

MR XIN FENG (辛峰)

VICE GENERAL MANAGER (“VGM”)

Mr Xin Feng (“**Mr Xin**”) is our Vice General Manager in charge of construction of projects and quality and quantity control of the projects. He was appointed to his present role on 30 April 2012. Mr Xin has extensive experience, qualifications and knowledge in the petrochemical logistics industry in the PRC.

Mr Xin worked at Jiangyin Saisheng Polyester New Materials Co., Ltd. from 2002 to 2008 as the assistant general manager, where he was mainly in charge of construction of the projects and management of, inter alia, the property, plant and equipment. From 2008 until he joined our Group in 2012, Mr Xin worked at Nanjing Kangyang Chemical Logistics Co., Ltd. as the vice general manager in charge of the overall management of the facilities.

Mr Xin obtained his bachelor degree in Chemical Engineering from Nanjing University of Technology in 1996 and his Master of Business Administration degree from Nanjing University in 2005.

MS ZHANG QIN (张钦)

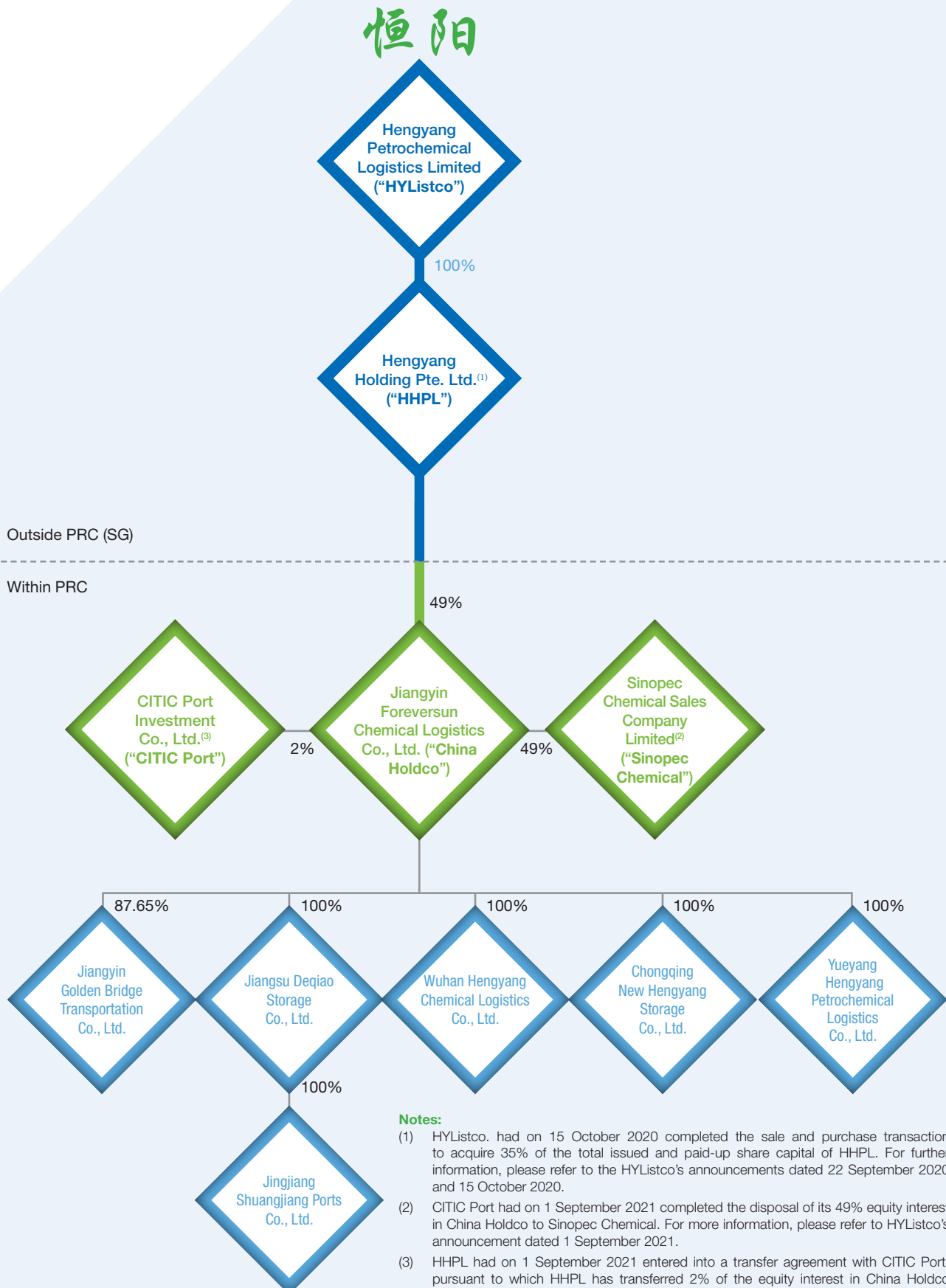
CHIEF FINANCIAL OFFICER (“CFO”)

Ms Zhang Qin (“**Ms Zhang**”) was appointed as Chief Financial Officer of the Group on 17 May 2021. She is responsible for overseeing the full spectrum of financial activities of the Group.

Ms Zhang joined the Group in March 2019 as Manager of the Group’s internal audit department. In 2020, she was promoted to Deputy Chief Financial Executive. Prior to joining the Group, Ms Zhang had more than 10 years of experience in financial reporting and management accounting.

She has been a member of the Association of Chartered Certified Accountants since February 2021 and holds a Bachelor Degree in Accounting and Management from Zhongnan University of Economics & Laws, China.

GROUP STRUCTURE



“We will strive to ensure our efforts reap long-term benefits for the Group and continue to deliver more value for the society as well as our various stakeholders”



REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Hengyang Petrochemical Logistics Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables us to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect our shareholders’ interests. This also helps the Company create long-term value and returns for our shareholders.

CORPORATE GOVERNANCE REPORT (THE “REPORT”)

The Company was admitted to the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 9 October 2009. This Report has been prepared with reference to the principles and provisions set out in the Code of Corporate Governance 2018 (“**2018 Code**”) issued by the Monetary Authority of Singapore on 6 August 2018.

The Company also referred to the disclosure guide (“**Disclosure Guide**”) issued by the SGX-ST in January 2015 and has incorporated answers to the questions set out in the Disclosure Guide in this Report.

The Company is committed to adhering to the 2018 Code, and ensures that it is upheld throughout the Group. For the financial year ended 31 December 2021 (“**FY2021**”), the Group has largely complied in all material respects with the principles and provisions laid down in the 2018 Code, and where there is any deviation, appropriate explanation has been provided for such variations and how the existing practices adopted are consistent with the intent, aim and philosophy of the relevant principles of the 2018 Code. For ease of reference, the specific principles in the 2018 Code are identified and discussed in this Report. In addition, the last section of this Report sets out the summary of disclosures of the Company’s corporate governance practices with specific reference to the requirements in both the principles and provisions of the 2018 Code. Further, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

1. BOARD MATTERS – THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

At the helm of the decision-making process of the Company is our board of directors (the “**Board**” or the “**Directors**”). The Board comprises the following members, all possessing the appropriate core competencies and diversity of experience, which enable them to effectively contribute to the Group.

Name	Position	Date of Initial Appointment	Date of Last Re-election or Re-appointment
Anthony Ng Koon Leng	Non-Executive Independent Chairman of the Board	19 November 2008	30 April 2021
Gu Wen Long	Chief Executive Officer (“ CEO ”) and Executive Director	23 April 2008	30 April 2021
Tee Tuan Sem	Vice-Chairman of the Board and Executive Director	15 August 2008	26 April 2019
Xie Yu	Non-Executive Director	19 November 2008	29 June 2020
Diong Tai Pew	Lead Independent Director	19 November 2008	30 April 2021

All Directors are required to discharge their duties and responsibilities objectively at all times as fiduciaries in the best interests of the Company.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Besides carrying out its statutory responsibilities, the principal functions of the Board are, as follows:

- to provide entrepreneurial leadership, and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;
- to ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- to establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and the Company's performance;
- to constructively challenge the management of the Group (the "**Management**") and review its performance;
- to instil an ethical corporate culture and ensure that the Company's values, standards policies and practices are consistent with the culture; and
- to ensure transparency and accountability to key stakeholder groups.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, release of the Group's quarterly, half year and full year results and interested person transactions of a material nature. Matters requiring board approval have been clearly communicated to the Management in writing and are provided further in this Report.

The Board has clear policies and procedures for dealing with conflicts of interest. All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent at a meeting of the Directors or by sending a written notice to the Company. In any situation that involves a conflict of interest with the Company, Directors must recuse themselves from participating in any discussion and decision on the matter.

To assist in the execution of the Board's responsibilities, our Board has established three Board Committees comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees are chaired by Independent Directors and function within clearly defined written terms of reference and operating procedures, which will be reviewed on a regular basis to ensure their continued relevance and efficacy. Information on the AC, NC and RC (collectively, the "**Board Committees**") and their respective terms of reference can be found in the subsequent sections of this report.

Non-Executive Directors are routinely briefed by the Executive Directors or the Management at Board meetings or at separate sessions, and are provided with all necessary updates on regulatory and policy changes as well as developments affecting the Company and the Group. All Non-Executive Directors may request for additional information from the Executive Directors, the Management and/or the Joint Company Secretaries to familiarise themselves with the Group's business and have access to the Executive Directors, the Management and Joint Company Secretaries.

A formal letter of appointment is sent to all newly appointed Directors of the Company upon their appointment, setting out the duties and obligations as a Director, including, where appropriate, how to deal with conflicts of interest. All newly appointed Directors of the Company will be receiving comprehensive and tailored induction and training on their duties as a Director and how to discharge those duties. The Company also ensures that Directors are continually and regularly updated on the Company's business and the regulatory as well as industry-specific environment in which the Company operates. First-time Directors who have no prior experience as a director of a listed company will be provided with a comprehensive briefing on the roles, duties and responsibilities of a listed company director as prescribed under Section B: Rules of Catalist of the SGX-ST Listing Manual (the "**Catalist Rules**").

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

To ensure that Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to attend, at the Company's expense, external conferences, seminars and other training programmes in connection with their duties to keep abreast of changes in the industry during their term of appointment.

The Board meets at least four (4) times a year. Ad hoc meetings will be convened as and when warranted by particular circumstances between the scheduled meetings. The Constitution of the Company provides for meetings of the Board to be held by way of teleconference or video conference or by means of similar communication equipment. In view of the COVID-19 pandemic, all of the Board and Board committee meetings for FY2021 were conducted through electronic means, in line with the advisories and guidelines issued by the various government authorities. The number of meetings of the Directors for FY2021 is as follows:

	Board	Board Committees		
		Audit	Nominating	Remuneration
Number of meetings held	4	4	1	1
	Number of meetings attended			
Gu Wen Long	4	4*	–	–
Tee Tuan Sem	4	4*	–	–
Xie Yu	4	4	1	1
Diong Tai Pew	4	4	1	1
Anthony Ng Koon Leng	4	4	1	1

* Attended the meeting as an invitee.

For the multiple board representations of the Directors, please refer to Principle 4 as set out below.

To enable the Board to fulfil its responsibilities, the Management strives to provide Board members with complete and adequate information for Board meetings on a timely and on-going basis. For example, management accounts of the Group's performance, position, and prospects are provided to the Executive Directors on a monthly basis and to all members of the Board on a quarterly basis. Directors are further entitled to request for additional information from the Management and should be provided with such additional information as needed to make informed decisions. The Board has unrestricted access to the Company's records and information.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the Directors in advance of Board meetings, followed by the Board papers and related materials, in order for the Directors to be adequately prepared for the meetings.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board (whether individually or as a whole) has separate and independent access to the Management and the Joint Company Secretaries at all times, and may seek independent professional advice as considered necessary in the furtherance of their duties, and the cost of such professional advice is borne by the Company. The Joint Company Secretaries generally attend all Board meetings and ensure that all Board procedures are followed. Where the Joint Company Secretaries are unable to attend any Board meeting, a suitable replacement is arranged in attendance and that proper minutes of the same are taken and kept. The Joint Company Secretaries also ensure that the Company complies with the requirements of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Catalist Rules. Under the direction of the Chairman as well as the CEO, the Joint Company Secretaries’ responsibilities include ensuring good information flow within the Board and its committees, and between the Non-Executive Directors, Executive Directors and Management, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

The appointment and removal of the Joint Company Secretaries are subject to the Board’s approval.

2. BOARD MATTERS – BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The 2018 Code defines an “independent” director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the director’s independent business judgement in the best interests of the company. The 2018 Code also clarifies that a director who falls under the circumstances described in Rule 406(3)(d) of the Catalist Rules is not independent. Such circumstances apply to, inter alia, the following: (i) a director being employed by the company or any of its related corporations for the current or any of the past three financial years; (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the RC; (iii) a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers.

The members of the Board as at the date of this Annual Report are as follows:

Anthony Ng Koon Leng	<i>Non-Executive Independent Chairman</i>
Tee Tuan Sem	<i>Vice Chairman & Executive Director</i>
Gu Wen Long	<i>Chief Executive Officer & Executive Director</i>
Diong Tai Pew	<i>Lead Independent Director</i>
Xie Yu	<i>Non-Executive Director</i>

The Board currently comprises five directors, of which two (being Messrs Anthony Ng Koon Leng and Diong Tai Pew) are independent directors, and as such, the composition of the Board complies with Rule 406(3)(c) of the Catalist Rules for independent directors to make up one-third of the Board. The Board noted that with effect from 1 January 2022, the independent directors must comprise at least one-third of the Board. The Board shall continue to ensure that its composition is in line with Rule 406(3)(c) of the Catalist Rules.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Chairman of the Board, Mr Anthony Ng Koon Leng, is an independent director. As such, the requirement under Provision 2.2 of the 2018 Code for independent directors to make up a majority of the Board where the Chairman is not independent would not apply to the Company.

As three out of five directors are Non-Executive Directors (being Messrs Xie Yu, Diong Tai Pew and Anthony Ng Koon Leng), Provision 2.3 of the 2018 Code that requires non-executive directors to make up majority of the Board is complied with.

The Board has examined its size and composition, and is of the view that it is of an appropriate size, and comprises directors, who as a group, provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity so as to avoid groupthink and foster constructive debate. In this regard, the Board also took into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and the Board Committees. While the Company did not formalise its board diversity policy for FY2021, the Company has put in place and made efforts in practicing the aspects of it in assessing the appropriate size, skills, knowledge and experience of the Board and Board Committees.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board, as a group, comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience. There is diversity of thought and background in its composition to enable it to make decisions in the best interest of the Group. The independence of each Director is also reviewed by the NC annually.

The profiles of our Directors are set out on pages 12 and 13 of this Annual Report.

The Board and Management openly discuss issues of the Company at Board and Board Committee meetings. The Non-Executive Directors and Independent Directors actively participated in such meetings held in FY2021. Minutes of the Board and Board Committee meetings are circulated to the Board so that Directors are kept aware and updated of the matters discussed. The Non-Executive Directors meet regularly without the presence of the Executive Directors and Management, and the chairman of such meetings provides feedback to the Board as appropriate.

3. BOARD MATTERS – CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Following the re-designation of Mr Gu Wen Long from Executive Chairman and CEO to Executive Director and CEO, and the re-designation of Mr Anthony Ng Koon Leng from Non-Executive Independent Director to Non-Executive Independent Chairman, with effect from 25 November 2021, the roles of Chairperson and CEO have been separated. The Chairman is a non-executive and independent director and is not related to the CEO. The aforementioned re-designation was to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Mr Anthony Ng Koon Leng ("**Mr Ng**"), the Non-Executive and Independent Chairman of the Board, is responsible for the high standards of corporate governance and ensuring a rigorous compliance with the 2018 Code as he leads the Board in providing the strategic direction for the Group's operations through constructive and participative relations with Management and the active contribution of the Directors. As the Chairman of the Board, Mr Ng decides on the Board's meeting agendas for Board Meetings, in consultation with the Management of the Company to ensure that Directors receive accurate, timely and clear information in preparation for each meeting. This facilitates a balance of viewpoints and perspectives in Board discussions on strategic, tactical, business, financial and planning issues. Mr Ng encourages constructive relations between the Board and Management, and facilitates effective communication with the Company's shareholders.

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Mr Gu Wen Long (“**Mr Gu**”), the CEO and Executive Director of the Company, leads the Management of the Group in its business operations, development, performance and growth, ensuring that objectives are achieved through the effective working relationship and communication between the Board and Management. Mr Gu is also responsible for the daily operations of the Company and the formulation of the overall business strategies and policies for the Group. Mr Gu ensures that information shared with the Board is accurate and shared in a timely manner, so that the Board can discharge its duties and responsibilities effectively.

Accordingly, there is a clear division of responsibilities between the Non-Executive Independent Chairman and the CEO.

As the Executive Chairman and CEO were the same person prior to 25 November 2021, pursuant to Provision 3.3 of the 2018 Code, Mr Diong Tai Pew (“**Mr Diong**”) has been appointed as the Lead Independent Director of the Company. Although the Chairman is no longer conflicted with the re-designation of Mr Anthony Ng Koon Leng from Non-Executive Independent Director to Non-Executive Independent Chairman, Mr Diong continues to serve as the Lead Independent Director and is available to our shareholders who have concerns when contact through the normal channels of our Chairman, CEO or Chief Financial Officer (“**CFO**”) has failed to resolve such concerns or when circumstances are such that it would be more appropriate to contact him directly. Periodically, Mr Diong will convene meetings of the Non-Executive Directors, without the presence of the Executive Directors and Management, and will provide feedback to the Chairman after such meetings.

4. BOARD MATTERS – BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC is guided by written terms of reference clearly setting out its authority and duties. The NC is responsible for making recommendations on all board appointments and re-nominations having regard to the contribution and performance of the Director seeking re-election.

As at the date of this report, the NC comprises Mr Anthony Ng Koon Leng, as the acting Chairman of the NC, and Messrs Xie Yu and Diong Tai Pew, as the Committee members, all of whom are Non-Executive Directors and a majority of whom are independent. The Lead Independent Director, Mr Diong Tai Pew, is a member of the NC.

The Board is currently actively assessing the feasibility of appointing new independent director(s). As and when a new independent director is appointed, the Board intends to reorganize the Board Committees and re-designate the new independent director as Chairman of the NC. The Company will release relevant announcement(s) via SGXNet as and when there are any material developments on this matter.

Briefly, our NC is responsible for:

- 1) reviewing and recommending the nomination or re-nomination of our Directors, including making recommendations on the composition and progressive renewal of the Board, having regard to the Director’s competencies, commitment, contribution and performance;
- 2) determining on an annual basis whether or not a Director is independent;
- 3) assessing the performance of the Board and contribution of each Director to the effectiveness of the Board;
- 4) determining whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;

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- 5) deciding the process and criteria for how the performance of the Board, the Board's committees and the Directors may be evaluated and proposing objective performance criteria;
- 6) reviewing the appropriate size of the Board;
- 7) reviewing the training and professional development programmes for the Board and the Directors on an annual basis;
- 8) reviewing board succession plans for all Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; and
- 9) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The NC conducts reviews of Directors' independence annually and as and when circumstances require. Under Rule 406(3)(d)(iii) of the Catalist Rules which came into effect on 1 January 2022¹, the independence of Directors who have served on the Board for more than nine (9) years shall be subject to particularly rigorous review. As at the date of this Report, both the Independent Directors, namely Messrs Diong Tai Pew and Anthony Ng Koon Leng, have served on the Board for more than nine (9) years.

Both the Independent Directors, namely Messrs Diong Tai Pew ("**Mr Diong**") and Anthony Ng Koon Leng ("**Mr Ng**") have subjected themselves to the two-tier voting process in connection with their continued appointment as Independent Directors at the Company's annual general meeting on 30 April 2021. As their independence has been sought for and approved through the two-tier voting process, they are considered "independent" until the earlier of: (a) their retirement or resignation; or (b) the conclusion of the third annual general meeting of the Company following the passing of the resolutions.

Having regard to Provision 2.1 and Practice Guidance 2 of the 2018 Code, the NC recommends, with the concurrence of the Board, that the key considerations in determining a Director's independence are his ability to exercise independent and objective judgement in the discharge of his responsibilities as a Director of the Company, and to act honestly and in the best interests of the Group. When assessing objectivity and independent judgment, the NC and the Board consider, *inter alia*, the approach and attitude of each non-executive Independent Director, including whether such Director:

- (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgment in the best interests of the Group; and
- (ii) has any material contractual or de facto relationship/arrangement with the Group other than as a Director.

To facilitate the NC in its review of the independent status of the Directors, each Director completes a checklist to confirm his independence. The checklist is based on the principles of corporate governance and provisions of the 2018 Code. The checklist will also indicate whether a Director considers himself as an independent Director despite not having any of the relationships identified in the 2018 Code. The NC also reviews the checklist completed by each Director to determine whether a Director is independent.

¹ Under Rule 406(3)(d)(iii), which came into effect on **1 January 2022**, a director will not be independent if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the listing applicant, and associates of such directors and chief executive officer. For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the listing applicant, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following:– (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the listing applicant following the passing of the resolutions.

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Each of Messrs Diong Tai Pew and Anthony Ng Koon Leng has confirmed that they do not have any relationship as set forth in Provision 2.1 and Practice Guidance 2 of the 2018 Code. After careful and rigorous assessment, including taking into consideration factors set out in the Nominating Committee Guide published on the website of the Singapore Institute of Directors, the NC and the Board are of the view that Messrs Diong Tai Pew and Anthony Ng Koon Leng are independent, and have demonstrated strong independence in professionalism and judgement in the discharge of each of their responsibilities as a Director of the Company over the years, notwithstanding that they have served on the Board for more than nine (9) years. They had expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management where necessary. Messrs Diong Tai Pew and Anthony Ng Koon Leng have also abstained from deliberating on their own independence.

The NC has reviewed the training needs of the Directors in FY2021 and has encouraged Directors to attend relevant training courses that could enhance the knowledge of Directors in the performance of their duties as Directors of the Company.

The Company has in place procedures for the appointment of new Directors, which includes the criteria used to identify and evaluate potential directors and the channels used in searching for appropriate candidates. In the search, nomination and selection process for new Directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. The matrix of attributes includes relevant experience, skillsets, technological expertise as well as diversity in competencies, age, gender and geography. After endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, recommendations from the Singapore Institute of Directors may also be considered and executive recruitment agencies may be appointed to assist in the search process.

The NC, in considering the re-appointment of a Director, will evaluate such Director's contribution and performance, such as his attendance at meetings of the Board and/or Board committees, participation, candour and any special contribution. The NC will also have regard to such Director's performance and contribution to the Group and whether such Director has adequately carried out his duties as a Director.

Rule 720(4) of the Catalist Rules requires all Directors to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. Pursuant to the Constitution of the Company, each Director is required to retire at least once every three (3) years by rotation and all newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The NC has deliberated and has decided to recommend to the Board the nomination of Messrs Tee Tuan Sem and Diong Tai Pew who will be retiring as Directors at the forthcoming AGM, for re-election. The Board has accepted the NC's recommendations.

Under Rule 406(3)(d)(iii) of the Catalist Rules (which came into effect on 1 January 2022), the appointment of Independent Directors ("**IDs**") who have served an aggregate period of more than nine (9) years will be subject to a two-tier voting process to be approved by the majority of (i) all shareholders and (ii) all shareholders, excluding shareholders who also serve as directors or the CEO (and their associates). The two-tier voting process will be valid (i) for a term of the ID appointment (up to 3 years); or (ii) until the resignation or retirement of the ID, whichever is earlier.

As Mr Diong Tai Pew ("**Mr Diong**") is due for retirement by rotation pursuant to the Constitution of the Company, the Company will table Mr Diong's continued appointment as ID to be subject to the two-tier voting process at the forthcoming AGM.

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Please refer to the “**Additional information on Directors seeking re-election and continued appointment**” section in this Report for disclosures pursuant to Rule 720(5) of the Catalist Rules.

The Non-Executive Directors have multiple board representations. However, the NC is satisfied that the Directors have been able to devote adequate time and attention to fulfil their duties as Directors of the Company, in addition to their multiple board representations. The NC and the Board are of the view that setting a maximum number of listed company board representations a Director should have is not meaningful as the contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities. The NC and the Board will review the requirement to determine the maximum number of listed board representation as and when it deems fit.

There are no alternate directors appointed to the Board.

The directorships and chairmanships held by the Directors in other listed companies, as well as other major appointments, both present (as at 31 December 2021) and held over the preceding three years (from 31 December 2018 to 31 December 2021), are as follows:

Name	Directorships	Major Appointments (other than Directorships)
Gu Wen Long	<u>Present</u> Nil <u>In the Past 3 years</u> Nil	<u>Present</u> Nil <u>In the Past 3 years</u> Nil
Tee Tuan Sem	<u>Present</u> Integrated Logistics Berhad <u>In the Past 3 years</u> Nil	<u>Present</u> Integrated Logistics Berhad (Chief Executive Officer) <u>In the Past 3 years</u> Nil
Xie Yu	<u>Present</u> Jiangsu Fuyou Technology Co., Ltd Nanjing Haofu New Material Co., Ltd, Pingxiang Fuyou Business Consulting Co., Ltd, and Jadestone Development Ltd. <u>In the Past 3 years</u> Nil	<u>Present</u> Nil. <u>In the Past 3 years</u> Zhejiang(s) Entrepreneurs Association (Honorary Vice-Chairman)
Diong Tai Pew	<u>Present</u> VS International Group Ltd. V.S. Industry Berhad <u>In the Past 3 years</u> SIG Gases Berhad	<u>Present</u> CA Diong (Practicing Chartered Accountant) <u>In the Past 3 years</u> Nil
Anthony Ng Koon Leng	<u>Present</u> Nil <u>In the Past 3 years</u> Nil	<u>Present</u> CAC Logistics Services Pte. Ltd. (Managing Director) <u>In the Past 3 years</u> Nil

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5. BOARD MATTERS – BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The effectiveness of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board are assessed annually. The purpose of the evaluation is to increase the overall effectiveness of the Board.

Board performance is linked to the overall performance of the Group. The Board complies with the applicable laws and members of our Board are required to act in good faith, with due diligence and care in the best interests of the Company and its shareholders.

Our NC is responsible for recommending a framework for the evaluation of the Board's, each Board Committee's, and each individual Director's performance for the approval of the Board. Each member of our NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination.

The NC reviews the criteria for evaluating the Board's performance. The performance criteria for the Board evaluation include an evaluation of the size and composition of the Board, the Board's access to information, accountability, the Board's processes, the Board's performance in relation to discharging its principal responsibilities, communication with the Management and the standard of conduct of the Directors.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Company's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

In determining each individual Director's performance, the following process is adopted: each Director will be required to complete a tailor-made self-assessment form. The responses of each Director will be collated, analysed and reported by the NC Chairman to the NC and thereafter to the Board. The individual evaluation will assess whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board Committees, and any other duties). Feedback arising from the process will be provided by the NC Chairman (in consultation with the NC) directly to the Director concerned. The evaluation will be taken into account in the appointment or re-election of the Directors. Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

No external facilitator had been engaged by the Company for assessing the effectiveness of the Board in FY2021.

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6. REMUNERATION MATTERS – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC reviews and makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director, the CEO and the CFO.

The RC comprises Mr Anthony Ng Koon Leng, as the Chairman, and Messrs Diong Tai Pew and Xie Yu, as the Committee members, all of whom are Non-Executive Directors with the majority of them (including the RC Chairman) being independent.

The duties and powers of the RC are, as follows:

- 1) to recommend to the Board a framework of remuneration for the Directors and key management personnel which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments;
- 2) to review and recommend specific remuneration packages for each Executive Director as well as for key management personnel;
- 3) to recommend to the Board the remuneration of the Non-Executive Directors, which should be appropriate to the level of their respective contributions, taking into account factors such as their effort and time spent, and their responsibilities;
- 4) to determine the targets for any performance-related pay schemes in respect of the Executive Directors of the Group, and to review and recommend to the Board the terms of renewal of their service contracts; and
- 5) to review the Company's obligations arising in the event of termination of the Executive Directors' and Non-Executive Directors' contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC's recommendations will be submitted for endorsement by the Board. Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration. No Director is involved in deciding his own remuneration. The RC has access to advice regarding executive compensation matters, if required.

The remuneration packages of the Executive Directors are based on service contracts. The Non-Executive and Independent Directors are paid yearly directors' fees and these fees are subject to shareholders' approval at the annual general meeting. In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors which are aligned with long term interest and risk policies of the Group. The RC shall review the compensation annually and ensure the remuneration of the Executive Directors is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. If necessary, the RC will consider expert advice outside the Company on remuneration of all Directors.

In considering the remuneration of all Directors, the RC has not sought external professional advice nor appointed independent remuneration consultants.

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7. REMUNERATION MATTERS – LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors. Director's fees are subject to the approval of shareholders at the annual general meeting. No Director is involved in deciding his own remuneration.

Our Non-Executive Directors and Independent Directors receive directors' fees commensurate to their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors and key management personnel without being excessive. The Company has no share option plans. Accordingly, no share option has been granted to its Directors and its key management personnel.

The remuneration for our Executive Directors comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and his individual performance:

- a. the Company has entered into a service agreement with Mr Gu Wen Long ("**Mr Gu**"), CEO and Executive Director of the Company on 9 September 2009 (the "**Service Agreement**"). The Service Agreement was for an initial term of three (3) years commencing from the date of the listing of the Company on the Catalist, and will continue thereafter unless terminated by not less than three (3) months' notice in writing served by either party on the other, which notice shall not expire until after the initial fixed term. Pursuant to the Service Agreement, Mr Gu is entitled to an annual basic salary of RMB1.0 million which may be subject to such increase as the RC may determine at its absolute discretion. Under the Service Agreement, any annual incentive bonus of Mr Gu is subject to the review and discretion of the RC after accounts of our Group for the immediate preceding financial year have been audited; and
- b. the Company has also entered into a service agreement with Mr Tee Tuan Sem ("**Mr Tee**") on 6 July 2010 (the "**Other Service Agreement**"), for an initial term of three (3) years commencing from 6 July 2010, and will continue thereafter unless terminated by not less than three (3) months' notice in writing served by either party on the other, which notice shall not expire until after the initial fixed term. Pursuant to the Other Service Agreement, Mr Tee is entitled to an annual basic salary of RMB500,000, which may be subject to such increase as the RC may determine at its absolute discretion.

There are, at present, no long-term incentive schemes in place for executive directors and key management personnel. The RC will continue to consider whether to adopt the guideline with respect to long-term incentive schemes under Practice Guidance 7 of the 2018 Code in due course.

There are, at present, no provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and Non-Executive Directors in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

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8. REMUNERATION MATTERS – DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Generally, the Director's remuneration takes into account the level and quality of effort and contribution to the Board, respective responsibilities, attendance and time spent, subject to shareholders' approval at annual general meetings. The Company also takes into account pay and employment conditions within the same industry and in comparable companies.

The remuneration paid or payable to the Directors and its top five key management personnel⁽¹⁾ for services rendered during FY2021 by percentage is, as follows:

Remuneration Bands	Performance		Fee	Other Allowances	Other Benefits	Total
	Salary	Bonus				
	%	%	%	%	%	%
Directors						
Below S\$250,000						
Gu Wen Long ⁽¹⁾	100	–	–	–	–	100
Tee Tuan Sem ⁽¹⁾	100	–	–	–	–	100
Xie Yu	–	–	100	–	–	100
Diong Tai Pew	–	–	100	–	–	100
Anthony Ng Koon Leng	–	–	100	–	–	100
Key management personnel						
Below S\$250,000						
Wang Weizhong ⁽¹⁾	100	–	–	–	–	100
Xin Feng ⁽¹⁾	100	–	–	–	–	100
Zhang Qin ⁽¹⁾⁽²⁾	100	–	–	–	–	100

Notes:

(1) While the 2018 Code requires disclosure of remuneration of at least the top five key management personnel who are not directors or chief executive officer of the company, the Company is of the view that it only has three key management personnel who are not Directors or CEO of the Company, namely Mr Wang Weizhong, Mr Xin Feng and Ms Zhang Qin. As such, the Company only disclosed the remuneration of Mr Wang Weizhong, Mr Xin Feng and Ms Zhang Qin in the above table.

(2) Ms Zhang Qin was appointed as the Chief Financial Officer on 17 May 2021.

The remuneration of each individual executive officer (who is not a Director or CEO of the Company) and the remuneration of the Non-Executive Director (Mr Xie Yu) and Independent Directors (Messrs Diong Tai Pew and Anthony Ng Koon Leng) are not disclosed to the nearest thousand dollar in the Annual Report and accordingly, the Company has not complied with Provision 8.1 of the 2018 Code. The Company does not believe it to be in its interest to disclose the breakdown of each individual's remuneration as such, having regard to the highly competitive human resource environment, the confidential nature of staff remuneration matters and so as not to hamper the Company's efforts to retain and nurture its talent pool. For the same reasons, the Company does not believe it to be in its best interests to disclose the key performance indicators that are linked to the remuneration package, including any termination, retirement and post-employment benefits.

The aggregate amount of the total remuneration paid to the three key management personnel as named above (who are not Directors or CEO) in FY2021 amounted to SGD320,000.

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In accordance with Provision 8.2 of the 2018 Code, the Company will disclose the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000.

The total remuneration paid to Ms Gu Fan, who is the daughter of Mr Gu Wen Long, the CEO of the Company exceeded S\$100,000 in FY2021. Ms Gu Fan was appointed as Investment and Development Manager of the Company on 1 March 2017. For more information, please refer to the Company's announcement dated 1 March 2017 released via the SGXNet.

"Immediate family members" means spouse, child, adopted child, stepchild, brother, sister and parent.

The Company does not have any employee share scheme(s). Save as disclosed above, the Company has not provided any form of remuneration, payments and/or benefits by the Company and/or its subsidiaries to Directors and/or key management personnel.

9. ACCOUNTABILITY AND AUDIT – RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Internal Controls

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments, and also to determine the Company's level of risk tolerance and risk policies.

Following the completion of the capital increase and stake transfer of Jiangyin Foreversun Chemical Logistics Co., Ltd. ("**Jiangyin Hengyang**" or "**China Holdco**") by and to CITIC Port Investment Co., Ltd. ("**CITIC Port**") (the "**Transaction**"), where CITIC Port became a 49% shareholder in Jiangyin Hengyang, an internal audit department was established in 2017 to oversee the internal audit matters of the Group. There has been no change to the internal audit department after the disposal by CITIC Port of its 49% equity interest in China Holdco to Sinopec Chemical in September 2021. As at the date of this Report, the Company's internal audit department comprises three internal auditors. In FY2021, the Company's internal audit department carried out a follow-up review of the previous year's internal audit issues of the Group, as well as a review of the budget and cash flow management and interested person transactions within the Group.

The Board has received assurances from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. The Board also received assurance from the CEO and the key management personnel of the Company that the Company's risk management and internal control systems in place are adequate and effective.

The Board is satisfied that the system of internal controls maintained by the Management provides reasonable assurance for the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks, as well as providing reasonable assurance against material financial misstatements or loss. The Board, with the concurrence of the AC, is therefore of the view that the system of internal controls and risk management maintained by the Group is adequate and effective to safeguard shareholders' investments, the Group's assets and addresses financial, operational, compliance and information technology controls, and risk management systems of the Group.

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The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

The Company has a whistle-blowing framework overseen by the AC, where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The Company is committed to ensure protection of the whistleblower against detrimental or unfair treatment arising from whistle-blowing. There were no whistle-blowing letters received during FY2021 and until the date of this Report.

Risk Management

Under the 2018 Code, the Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

As of the date of the Annual Report, the Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

10. ACCOUNTABILITY AND AUDIT – AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises Mr Diong Tai Pew, as the Chairman, and Messrs Xie Yu, Anthony Ng Koon Leng as the Committee members, all of whom are Non-Executive Directors with majority (including the AC Chairman) being independent.

The Board is of the view that at least two (2) members of the AC, including the AC Chairman, have the requisite qualifications, recent and relevant financial management knowledge, expertise and experience to discharge their responsibilities properly and effectively.

The AC members attend training sessions on updates to accounting requirements as well as related market developments and emerging trends. AC members are regularly updated on changes to accounting standards and issues related to financial reporting through, inter alia, their meetings with the internal and external auditors of the Company.

Updates on changes in accounting standards and issues which have a direct impact on financial statements are prepared by external auditors and circulated to members of the AC periodically.

The Board has approved the written terms of reference of the AC. The main duties and responsibilities of the AC are, as follows:

- 1) to review with the external auditors their scope of audit, their audit plan, their evaluation of the system of internal accounting controls, their audit report, their letter to Management and Management's response;
- 2) to review and ensure the integrity of the half-year and full year, and quarterly if applicable, financial statements and results announcements before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

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- 3) to review the internal control procedures (including reviewing the procedures implemented by our Group to ensure that all requisite licenses and approvals are obtained prior to commencement of the appropriate phases of each project, as well as ensuring that such procedures are adequate) and ensure co-ordination between the external auditors and our Management, and review the assistance given by our Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of our Management, where necessary);
- 4) to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- 5) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, that they may come across during the audit, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response;
- 6) to consider and evaluate the performance of independent auditors and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors, as well as approve the remuneration and terms of engagement of the external auditors;
- 7) to review the Mandated Transactions (as defined in the Company's Shareholders' Mandate, being the Appendix to the Annual Report of the Company for the Financial Year ended 31 December 2013), (including credit terms, status of outstanding receivables and any payments or disbursements to the interested person) and interested person transactions ("**IPTs**") (if any) falling within the scope of Chapter 9 of the Catalist Rules to ensure that the IPTs are valid, on normal commercial terms and not prejudicial to the interests of the Company and the minority shareholders.
- 8) to review internal audit plans;
- 9) to review the procedures by which employees of our Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigations and follow-up actions in relation thereto;
- 10) to review potential conflicts of interest, if any;
- 11) to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- 12) generally to undertake such other functions and duties as may be required by the relevant laws, the 2018 Code, or the Catalist Rules, and by such amendments made thereto from time to time; and
- 13) to review our key financial risk areas, with a view of providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNet.

The AC has full authority to investigate any matter within its terms of reference, full access to and co-operation from the Management and external and internal auditors and full discretion to invite any Director, Executive Officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

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The AC meets with the external auditors and internal auditors, in each case without the presence of the Company's Management, at least annually for a review and discussion of any key issues raised. The AC discusses regularly with the Management on key operational matters, appropriateness of accounting treatment for significant transactions and important risk and control measures. The AC is also further updated by the Management and external auditors of changes to the Catalist Rules and other regulations which could have an impact on the Group's financial statements.

The AC undertakes such further functions as may be agreed to by the AC and the Board from time to time.

During the course of FY2021, the AC's activities included, inter alia, the following:

- (i) review of the quarterly, half yearly and annual results of the Group before submission to the Board for approval;
- (ii) review of internal control policies implemented by the Group;
- (iii) review of the annual audit plan proposed by the external auditors and approving any changes as necessary;
- (iv) review of the appointment of independent internal auditor;
- (v) review of the appointment of independent external auditor;
- (vi) review of interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; and
- (vii) review of the Group's financial and operational results and accounting policies.

External Auditors

BDO LLP, the external auditors of the Company, was responsible for providing services in connection with the audit of the financial statements of the Group for FY2021. For FY2021, the total remuneration in respect of audit services and non-audit services provided by BDO LLP for the Company is disclosed in section 18 of this Report.

The AC undertook the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit services provided and the fees paid to them. The AC is satisfied that the external auditors have not provided any non-audit services to the Company during FY2021 that will prejudice their independence and objectivity.

The AC has reviewed arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the Catalist Rules in relation to its auditing firms. No former partner or director of BDO LLP is a member of the AC, and none of the members of the AC hold any financial interest in BDO LLP.

Significant matters	How the AC reviewed these matters and what decisions were made
Impairment of investment in joint venture	The AC considered the approach and methodology applied to the impairment assessment of the investment in the China Holdco Group. The AC reviewed the reasonableness of key assumptions and analysis used by the Management in the assessment. The AC is of the view that the carrying amount of the investment in joint venture is appropriately stated as at 31 December 2021.

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The above significant matters have been identified by the external auditors as key audit matters for FY2021. Please refer to pages 56 and 57 of this Annual Report for further information.

Internal Auditors

As mentioned in Section 9 of this Report, an internal audit department was established in 2017 to oversee the internal audit matters of the entire Group. As at the date of this Report, the Company's internal audit department comprises three internal auditors. The AC is satisfied that the internal audit function is independent, effective and adequately resourced and has appropriate standing within the Company.

The internal auditor carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor reports directly to the AC and reports administratively to the CEO. The internal auditor's scope of work and its internal audit findings will be submitted to the AC for review.

The AC also evaluates the adequacy and effectiveness of the internal audit function at least annually. The AC is of the view that the internal audit function is independent, effective and adequately resourced.

11. SHAREHOLDER RIGHTS AND ENGAGEMENT – SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to establishing a corporate governance culture that promotes fair and equitable treatment of all shareholders. All shareholders are treated fairly and equitably, and enjoy specific rights under the Companies Act and the Company's Constitution.

These rights include, amongst others, pecuniary rights, for example, the right to participate in profit distributions and membership rights such as the right to participate in general meetings and the right to exercise their voting rights. Currently, under the Company's Constitution, all shareholders are entitled to attend and vote at the general meetings by person or proxy, and may appoint up to a maximum of two proxies, who need not be shareholders of the Company to attend and vote at general meetings.

In addition, as of 3 January 2016, the Companies Act has been amended to, amongst other things, allow certain members who are "relevant intermediaries" to attend and participate in general meetings without being constrained by the two-proxy requirement. A "relevant intermediary" as defined under the Companies Act includes corporations holding licenses in providing nominee and custodial services and who hold shares in that capacity and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

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In view of the current COVID-19 situation, the forthcoming AGM on 28 April 2022 will be held in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debentures Holders) Order 2020 (the “**COVID-19 Temporary Measures Order**” or “**Alternative Arrangement**”). Physical copies of this annual report and the accompanying AGM Notice will not be dispatched to shareholders of the Company. An electronic copy of this annual report and the accompanying AGM Notice will be made available on SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>. Alternative Arrangements relating to attendance at the AGM via electronic means i.e. live audio-visual webcast or live audio-only stream, submission of questions in relation to any resolution set out in the notice of AGM to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the Meeting as the proxy to attend, speak and vote at the AGM, will be put in place. Please refer to the notice of the AGM dated 13 April 2022 for further information.

The description below sets out the Company’s usual practice for general meetings when there are no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

Shareholders are given notice of general meetings in accordance with the notice period required under the Companies Act as well as in the Constitution, and are informed of the relevant rules and procedures governing general meetings, including voting procedures. Shareholders are informed of shareholders’ meetings through notices published in newspapers and annual reports or circulars sent to all shareholders. These notices are also published on SGXNET. To ensure high level of accountability and to stay informed of the Company’s strategy and goals, shareholders are encouraged to attend, participate and vote at the Company’s AGMs and extraordinary general meetings, where they are allowed to vote in person or in absentia.

They are further encouraged to raise relevant questions or give views on the Company through open question and answer sessions.

Separate resolutions are proposed on each substantially separate issue at such general meetings. All the resolutions at the general meetings are single item resolutions.

Shareholders are provided with the opportunity to raise questions and participate effectively at such general meetings on any issues that they may have with respect to the resolutions to be passed.

The Company respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All material information and changes in the Company or its business which would be likely to materially affect the price or value of the Company’s shares are disclosed in a timely manner via SGXNET announcements.

All Directors, and in particular the chairpersons of the AC, NC and RC, will be present at the AGM to address any relevant queries from shareholders. The Company’s external auditors, BDO LLP, will also be invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and contents of their auditors’ report. The Chairman of the meeting strives to facilitate constructive dialogue between shareholders and the Board, Management, external auditors and other relevant professionals, as well as allow board committee chairs or the Lead Independent Director to answer queries on matters related to their roles.

All resolutions at the general meetings are put to vote by poll. Announcements of the detailed results of voting showing the number of votes cast for and against each resolution and the respective percentages are also made after each general meeting.

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The minutes of the general meetings are prepared by the Joint Company Secretaries and include substantial comments or queries from shareholders and responses from the Chairman, the Board and the Management. The Company does not comply with Provision 11.5 of the 2018 Code which requires the Company to publish minutes of general meetings on its corporate website as the Company does not maintain a corporate website. However, these minutes are available to shareholders of the Company at their request. Minutes for the AGM convened on 30 April 2021 has been released to the SGX-ST on 10 May 2021, within one (1) month from the date of AGM, in accordance with the COVID-19 Temporary Measures Order. Minutes for the forthcoming AGM to be convened on 28 April 2022 will be released to the SGX-ST within one (1) month from the date of AGM, in accordance with the COVID-19 Temporary Measures Order.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET. The Board has decided not to recommend any dividend in respect of FY2021 because China Holdco has not proposed or paid a dividend in respect of FY2021. As such, the Company could not pay a meaningful amount of dividend without depleting its cash resources.

Accountability

In presenting the quarterly, half yearly and annual financial statements and announcements to shareholders, the Board aims to provide shareholders with a detailed and balanced analysis and explanation of the Group's financial position and prospects. The Board also ensures that adequate steps are taken to ensure compliance with legislative and regulatory requirements. The AC has been tasked to review the Company's financial information to ensure that the objective is met.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis and as the Board may require from time to time. The Board will update the shareholders on the operations and financial position of the Company through quarterly business updates, half-year and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

12. SHAREHOLDER RIGHTS AND ENGAGEMENT – ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company recognises that effective communication leads to transparency and enhances accountability. As such, the Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company according to the Catalist Rules.

The Company does not comply with Provision 12.2 of the 2018 Code as the Company does not have a formal investor relations policy in place. Notwithstanding, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules. While the Company does not have a dedicated investor relations team or an investor relations policy in place, it has management personnel who are responsible for the Company's communication with shareholders. In FY2021, the Chairman and other members of the Board were unable to engage in dialogue with shareholders as the AGM convened on 30 April 2021 was conducted via electronic means. However, shareholders were provided an email address to submit their questions to the Company and the Company disseminated its response on the SGXNET prior to the holding of the AGM on 30 April 2021. The Board is of the view that the current communication channels are sufficient as well as cost-effective.

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The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that trade-sensitive and/or price-sensitive information is publicly released, and is announced within the mandatory period. The Company does not practise selective disclosure.

Shareholders may contact the company by email at contact@hyplc.com if there are any questions.

13. MANAGING STAKEHOLDERS RELATIONSHIPS – ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board recognises that the interests of other parties such as customers, employees, suppliers and the larger community are essential as part of value creation for the Group. The Company has arrangements in place to enable it to identify and engage with its material stakeholders so as to better understand and address their needs and interests.

The Company's key focus areas during the reporting period are ensuring customer satisfaction, enhancing employees' well-being, engaging in responsible and ethical business practices, managing supply chain sustainability and contributing to community development.

While the Company does not maintain a corporate website and hence has deviated from Provision 13.3 of the 2018 Code, it engages with its key stakeholders (which include, but are not limited to, shareholders, suppliers, customers, employees, and regulators) through formal and informal channels of communication to understand their needs and concerns. Such channels include written communication by email or otherwise, telephone communications, the publishing of the Company's annual report, making of announcements on SGXNET, and the holding of the Company's annual general meeting.

14. DEALINGS IN SECURITIES

In compliance with the relevant Catalist Rules, the Company has devised its own internal compliance code to provide guidance to its Directors and employees with regard to dealings in the listed securities of the Company. Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in the possession of unpublished trade-sensitive and/or price-sensitive information.

The Company prohibits dealings in its shares by its Directors and employees during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year, or one (1) month before the announcement of the Company's half year or full financial year results, as the case may be, and ending on the day of the announcement of the relevant results.

15. MATERIAL CONTRACTS

Save as disclosed below and in Section 16 of this Report, neither the Company nor any of its subsidiaries have entered into any material contracts involving the interests of the CEO, each Director or controlling shareholder either still subsisting at the end of the financial year ended 31 December 2021 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2021.

The Group has no borrowings as of FY2021. The borrowings which exist in the China Holdco Group and the assets and liabilities of the China Holdco Group are no longer consolidated in the Group's financial statements. However, where such loans have personal guarantees or corporate guarantees, such details are disclosed in the Company's announcements of its unaudited financial statements on the SGXNET and the notes to the audited financial statements.

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Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate value of all interested person transactions conducted under the existing shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (RMB'000)
Interest expense ⁽²⁾ payable to: - Jinqiao Chemical - Gu Wen Long	– Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of the Company's CEO and Executive Director, Mr Gu Wen Long.	–	5,510
	– Gu Wen Long is the CEO and Executive Director of the Company.	–	759

Notes:

(1) The Company had obtained a renewal of the shareholders' mandate for interested person transactions ("**Shareholders' Mandate**") at its annual general meeting held on 30 April 2021. The Shareholders' Mandate applies to the Mandated Transactions (as defined in the next paragraph) that are carried out between any member of the Group, with Mr Gu Wen Long and/or his associates, including but not limited to, Golden Hope Industrial Co., Ltd. ("**Golden Hope**") and/or Jinqiao Chemical and its subsidiaries and associated companies, as the case may be ("**Interested Persons**").

The mandated transactions covered by the Shareholders' Mandate are: a) provision of petrochemical storage services and land transport services by the Group to the Interested Persons; and/or b) receiving financing support in the form of borrowing of funds from the Interested Persons. Transactions with interested persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalyst Rules.

(2) The interest expenses charged were in relation to loans extended by Jinqiao Chemical and Mr Gu Wenlong for working capital purposes.

17. SPONSORSHIP

The current continuing sponsor of the Company, Xandar Capital Pte. Ltd. was appointed in place of CIMB Bank Berhad, Singapore Branch with effect from 22 July 2021. No fees relating to non-sponsorship activities or services were paid/payable to the Company's Sponsors, CIMB Bank Berhad, Singapore Branch and Xandar Capital Pte. Ltd., during FY2021.

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18. AUDIT AND NON-AUDIT FEES

For FY2021, the remuneration paid or payable to the Group's external auditors (including its associated firms) for providing audit and non-audit services are as follows:

	RMB'000
Audit fees paid/payable to	
– auditors of the Company (i.e. BDO LLP, Singapore)	345
– other auditors (i.e. BDO China Shu Lun Pan Certified Public Accountants LLP, PRC, a member firm of BDO International Limited)	367
Non-audit fees paid/payable to	
– auditors of the Company	–
– other auditors	–

19. SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Catalist Rules requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports. This summary of disclosure describes the Company's corporate governance practices with specific reference to the express disclosure requirements in the principles and provisions of the 2018 Code.

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
Principle 1	
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.	Section 1
Provision 1.1	
Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	Section 1, Paragraphs 2-3 and 5
Provision 1.2	
Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	Section 1, Paragraphs 3 and 7 – 9

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 1.3</p> <p>The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company’s annual report.</p>	Section 1, Paragraph 4
<p>Provision 1.4</p> <p>Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board’s authority to make decisions, and a summary of each committee’s activities, are disclosed in the company’s annual report.</p>	Section 1, Paragraph 6
<p>Provision 1.5</p> <p>Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director’s attendances at such meetings are disclosed in the company’s annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.</p>	Section 1, Paragraphs 10 – 11
<p>Provision 1.6</p> <p>Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</p>	Section 1, Paragraphs 12 – 14
<p>Provision 1.7</p> <p>Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company’s expense. The appointment and removal of the company secretary is a decision of the Board as a whole.</p>	Section 1, Paragraphs 15 – 16
<p>Principle 2</p> <p>The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.</p>	Section 2
<p>Provision 2.1</p> <p>An “independent” director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.</p>	Section 2, Paragraph 1

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent.	Section 2, Paragraphs 2 – 4
Provision 2.3 Non-executive directors make up a majority of the Board.	Section 2, Paragraph 5
Provision 2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	Section 2, Paragraphs 6 – 7
Provision 2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	Section 2, Paragraph 9
Principle 3 There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.	Section 3
Provision 3.1 The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	Section 3, Paragraph 1
Provision 3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	Section 3, Paragraphs 2 – 4
Provision 3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	Section 3, Paragraph 5

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Principle 4</p> <p>The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.</p>	Section 4
<p>Provision 4.1</p> <p>The Board establishes a NC to make recommendations to the Board on relevant matters relating to:</p> <ul style="list-style-type: none"> (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programmes for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any). 	Section 4, Paragraphs 1, 4 and 10
<p>Provision 4.2</p> <p>The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.</p>	Section 4, Paragraph 2
<p>Provision 4.3</p> <p>The company discloses process for selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.</p>	Section 4, Paragraphs 10 – 12
<p>Provision 4.4</p> <p>The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</p>	Section 4, Paragraphs 4 – 8, 9 and 15

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 4.5</p> <p>The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.</p>	<p>Section 4, Paragraphs 12, 18 and 20</p>
<p>Principle 5</p> <p>The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.</p>	<p>Section 5</p>
<p>Provision 5.1</p> <p>The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</p>	<p>Section 5, Paragraphs 3 – 4 and 5</p>
<p>Provision 5.2</p> <p>The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.</p>	<p>Section 5, Paragraphs 4 – 7</p>
<p>Principle 6</p> <p>The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.</p>	<p>Section 6</p>
<p>Provision 6.1</p> <p>The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:</p> <p>(a) a framework of remuneration for the Board and key management personnel; and</p> <p>(b) the specific remuneration packages for each director as well as for the key management personnel.</p>	<p>Section 6, Paragraphs 1, 3 and 5</p>

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 6.2</p> <p>The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.</p>	Section 6, Paragraph 2
<p>Provision 6.3</p> <p>The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.</p>	Section 6, Paragraphs 3 – 5
<p>Provision 6.4</p> <p>The Company discloses the engagement of any remuneration consultants and their independence in the company's annual report.</p>	Section 6, Paragraph 6
<p>Principle 7</p> <p>The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.</p>	Section 7
<p>Provision 7.1</p> <p>A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.</p>	Section 7, Paragraphs 3 – 5
<p>Provision 7.2</p> <p>The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.</p>	Section 7, Paragraphs 1 – 2
<p>Provision 7.3</p> <p>Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.</p>	Section 7, Paragraphs 1 – 4
<p>Principle 8</p> <p>The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.</p>	Section 8

REPORT ON CORPORATE GOVERNANCE

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 8.1</p> <p>The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.</p>	Section 8, Paragraphs 1 – 4
<p>Provision 8.2</p> <p>The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or substantial shareholder of the company, and whose remuneration exceeds \$100,000, during the year, in bands no wider than \$100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</p>	Section 8, Paragraph 5 – 7
<p>Provision 8.3</p> <p>The Company discloses in its annual report all forms of remunerations and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, and also discloses details of employee share schemes.</p>	Section 8, Paragraph 6
<p>Principle 9</p> <p>The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.</p>	Section 9
<p>Provision 9.1</p> <p>The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.</p>	Section 9, Paragraphs 1, 4, 7 – 8
<p>Provision 9.2</p> <p>The Board requires and discloses in the company's annual report that it has received assurance from:</p> <p>(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and</p> <p>(b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.</p>	Section 9, Paragraphs 3 – 4

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Principle 10</p> <p>The Board has an Audit Committee (“AC”) which discharges its duties objectively.</p>	Section 10
<p>Provision 10.1</p> <p>The duties of the AC include:</p> <ul style="list-style-type: none"> (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company’s financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company’s internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company’s internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns. 	Section 10, Paragraphs 8, 9, 11 and 12
<p>Provision 10.2</p> <p>The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.</p>	Section 10, Paragraphs 1 – 2
<p>Provision 10.3</p> <p>The AC does not comprise former partners or directors of the company’s existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.</p>	Section 10, Paragraph 13

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 10.4</p> <p>The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company’s documents, records, properties and personnel, including the AC, and has appropriate standing within the company.</p>	<p>Section 10, Paragraphs 6, 15, 17 and 18</p>
<p>Provision 10.5</p> <p>The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.</p>	<p>Section 10, Paragraph 7</p>
<p>Principle 11</p> <p>The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.</p>	<p>Section 11</p>
<p>Provision 11.1</p> <p>The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.</p>	<p>Section 11, Paragraphs 2 – 7, 9 and 12</p>
<p>Provision 11.2</p> <p>The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the company explains the reasons and material implications in the notice of meeting.</p>	<p>Section 11, Paragraph 8</p>
<p>Provision 11.3</p> <p>All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders’ queries about the conduct of audit and the preparation and content of the auditors’ report. Directors’ attendance at such meetings held during the financial year is disclosed in the company’s annual report.</p>	<p>Section 11, Paragraph 11</p>
<p>Provision 11.4</p> <p>The company’s Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.</p>	<p>Section 11, Paragraphs 2 and 6</p>

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 11.5</p> <p>The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.</p>	Section 11, Paragraph 13
<p>Provision 11.6</p> <p>The company has a dividend policy and communicates it to shareholders.</p>	Section 11, Paragraph 14
<p>Principle 12</p> <p>The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.</p>	Section 12
<p>Provision 12.1</p> <p>The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.</p>	Section 12, Paragraphs 3 – 4
<p>Provision 12.2</p> <p>The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.</p>	Section 12, Paragraph 2
<p>Provision 12.3</p> <p>The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.</p>	Section 12, Paragraphs 2 – 4
<p>Principle 13</p> <p>The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.</p>	Section 13
<p>Provision 13.1</p> <p>The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.</p>	Section 13, Paragraph 1

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
Provision 13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Section 13, Paragraph 2
Provision 13.3 The company maintains a current corporate website to communicate and engage with stakeholders.	Section 13, Paragraph 3

SUSTAINABILITY STATEMENT

Sustainability is integral in Hengyang Petrochemical Logistics Limited (“**Hengyang**”) business to achieve lasting commercial success. As a responsible corporate citizen, Hengyang considers sustainability issues in conjunction with our corporate strategy to create long-term growth and value for our customers, employees, shareholders, suppliers and local communities. In financial year ended 31 December 2021 (“**FY2021**”), we have continued to explore on the sustainability journey of Hengyang by looking at the following environmental, economic, social and governance factors.

Economic

Economic sustainability refers to practices that support long-term economic growth. Economic performance is very important to a company’s stakeholders. This is especially the case for its investors or owners, because this performance eventually provides them with a return on their investment. We strive to deliver consistent returns and continue to engage with local partners and suppliers that help grow our business in a sustainable manner.

Environment

We are fully aware of our responsibility for nurturing the environment and minimizing negative environmental consequences at our worksites and the environment in which we operate. We monitor our energy at our work places to ensure that we use our resources economically, meaningfully and responsibly. Being in the petrochemical industry, Health, Safety, and Environment (“**HSE**”) standards are of utmost importance to us. Hengyang has a long-standing HSE commitment to the highest standards for the health and safety of our people and customers, as well as for the protection of the environment in the communities which we live and work.

Social

Hengyang and its people embrace the philosophy of giving back to the community by encouraging proactive involvement in the Group’s corporate social responsibility initiatives. We strive to be a responsible corporate neighbour and active contributor in our community. We value our employees as the key pillar of our long-term success and believe in investing in recruiting, training and retaining good employees. We have made every effort to create a working culture and environment that inspires our people to stay with us. We are also committed to ensuring the safety and security, as well as the health and well-being of our people, in particular, in view of the challenges brought about by new COVID-19 variants.

Governance

Corporate governance is a system of policies, practices and rules that influence, direct and control business behavior. We uphold the belief that by embracing the tenets of good governance, the Company has opportunities to engender investor confidence and achieve long-term sustainable business performance. This will also safeguard shareholders’ interests and maximizing long-term shareholder value. We strive to put in place a robust governance framework to maintain the integrity, transparency, accountability and discipline in all our practices.

Our previous sustainability report, Sustainability Report 2020, for the reporting period from 1 January 2020 to 31 December 2020 (“**FY2020**”) was published in May 2021. It was prepared with reference to the Global Reporting Initiative Standards (“**GRI Standards**”) Core Option and has captured our environment, social and governance performance in FY2020 for all our entities.

For FY2021, a separate sustainability report, Sustainability Report 2021, guided by the GRI Standards will be produced and issued on or before 31 May 2022.

DIRECTORS' STATEMENTS

The Directors of Hengyang Petrochemical Logistics Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this statement, and as disclosed in Note 4 to the financial statements, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Anthony Ng Koon Leng	(Chairman)
Gu Wen Long	(Executive Director and Chief Executive Officer)
Tee Tuan Sem	(Executive Director and Vice Chairman)
Xie Yu	(Non-Executive Director)
Diong Tai Pew	(Lead Independent Director)

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENTS

6. Audit committee

The Audit Committee of the Company is chaired by Mr Diong Tai Pew, an Independent Director. Other members of the Audit Committee are Mr Xie Yu, who is a non-executive director and Mr Anthony Ng Koon Leng who is an Independent Director. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with section 201B(5) of the Companies Act 1967 in Singapore, including reviewing the following, where relevant, with the executive Directors and external and internal auditors of the Company:

- (a) the audit plans of the internal and external auditors and the reports of the examination and evaluation of the Company's and the Group's systems of internal controls issued by the internal auditors;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditor's report on those financial statements;
- (d) the quarterly and full year results announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's external auditor;
- (f) the re-appointment of the external auditor of the Company; and
- (g) interested person transactions (as defined in Chapter 9 of the Listing Manual).

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. Additional disclosure requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The auditor of the subsidiaries of the Company is disclosed in Note 6 to the financial statements. In the opinion of the Board of Directors and the Audit Committee, Rules 712 and 715 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited have been complied with.

DIRECTORS' STATEMENTS

8. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Gu Wen Long

Director

Singapore

13 April 2022

Diong Tai Pew

Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hengyang Petrochemical Logistics Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 60 to 92, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Impairment assessment of Investment in a Joint Venture

As at 31 December 2021, the Group's carrying amount of investment in a joint venture was approximately RMB513,217,000 which comprised 93% of the total assets of the Group. There are indications of impairment as certain subsidiaries of the joint venture, Jiangyin Foreversun Chemical Logistics Co., Ltd. have been incurring losses during the prior and current financial years.

For the purpose of impairment testing, management has determined the recoverable amount using the value-in-use ("VIU") method. The VIU calculations require the Group to estimate the future cash flows using suitable revenue growth rates, earnings before interest and tax ("EBIT") margins and discount rate in order to calculate the present value of the cash-generating unit.

We focused on this area as a key audit matter owing to the significant judgement and key assumptions applied by management in the determination of the recoverable amount of investment in a joint venture.

Related Disclosures

Refer to Notes 3.2 and 7 to the financial statements for the disclosures in relation to impairment assessment of investment in a joint venture.

Audit Response

Our procedures included, amongst others:

- We evaluated management's impairment assessment, their basis for the determination of the recoverable amount and key assumptions used in the VIU calculations;
- We compared underlying data used in the VIU calculations against historical actual performance for reasonableness;
- We engaged our internal valuation specialist to evaluate the appropriateness of the VIU calculation model and reasonableness of the discount rate used by management;
- We performed sensitivity analysis on the key assumptions used in management's computation; and
- We assessed the adequacy of the related disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 management.
- Conclude on the appropriateness of management's 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 the Directors 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 the Directors 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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Kian Hui.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
13 April 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group	
	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Plant and equipment	5	–	–
Investment in a joint venture	7	513,217	533,422
Right-of-use asset	8	100	151
		<u>513,317</u>	<u>533,573</u>
Current assets			
Other receivables	9	93	112
Amount owing by related parties	10	179	187
Cash and cash equivalents	12	40,990	44,823
		<u>41,262</u>	<u>45,122</u>
Less:			
Current liabilities			
Other payables	13	786	1,233
Lease liability	14	50	49
Amount owing to directors	15	709	724
Current income tax payable		59	97
		<u>1,604</u>	<u>2,103</u>
Net current assets		<u>39,658</u>	<u>43,019</u>
Less:			
Non-current liability			
Lease liability	14	53	102
Net assets		<u>552,922</u>	<u>576,490</u>
Equity			
Share capital	16	289,064	289,064
Other reserve	17	83,004	83,004
Retained earnings		180,854	204,422
Total equity		<u>552,922</u>	<u>576,490</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Company	
		2021 RMB'000	2020 RMB'000
Non-current assets			
Plant and equipment	5	–	–
Investments in subsidiaries	6	<u>303,472</u>	<u>303,472</u>
		303,472	303,472
Current assets			
Other receivables	9	6	10
Amount owing by related parties	10	6	6
Amount owing by a subsidiary	11	9,538	11,158
Cash and cash equivalents	12	<u>5,877</u>	<u>7,888</u>
		15,427	19,062
Less:			
Current liabilities			
Other payables	13	452	761
Amount owing to a subsidiary	11	28,307	29,588
Amount owing to directors	15	709	724
Current income tax payable		<u>59</u>	<u>97</u>
		29,527	31,170
Net current liabilities		(14,100)	(12,108)
Net assets		289,372	291,364
Equity			
Share capital	16	289,064	289,064
Retained earnings		<u>308</u>	<u>2,300</u>
Total equity		289,372	291,364

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RMB'000	2020 RMB'000
Interest income		680	1,335
Other income	18	30	4,529
Administrative and other expenses		(4,066)	(5,450)
Interest expense	14	(7)	(2)
Share of results of joint venture	7	(1,469)	(3,049)
Loss on partial disposal of joint venture	7	(18,736)	-
Loss before income tax	19	(23,568)	(2,637)
Income tax expense	21	-	(98)
Loss for the financial year, representing total comprehensive income for the financial year		(23,568)	(2,735)
Total comprehensive income attributable to:			
Owners of the parent		(23,568)	5,529
Non-controlling interests		-	(8,264)
		(23,568)	(2,735)
(Loss)/profit per share (RMB cents):			
- Basic	22	(11.58)	2.72
- Diluted	22	(11.58)	2.72

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Equity attributable to owners of the parent RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2021	289,064	83,004	204,422	576,490	–	576,490
Total comprehensive income for the financial year	–	–	(23,568)	(23,568)	–	(23,568)
Balance as at 31 December 2021	<u>289,064</u>	<u>83,004</u>	<u>180,854</u>	<u>552,922</u>	<u>–</u>	<u>552,922</u>
Balance as at 1 January 2020	289,064	83,004	36,840	408,908	206,317	615,225
Total comprehensive income for the financial year	–	–	5,529	5,529	(8,264)	(2,735)
Acquisition of non-controlling interests (Note 6)	–	–	162,053	162,053	(198,053)	(36,000)
Balance as at 31 December 2020	<u>289,064</u>	<u>83,004</u>	<u>204,422</u>	<u>576,490</u>	<u>–</u>	<u>576,490</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RMB'000	2020 RMB'000
Operating activities			
Loss before income tax		(23,568)	(2,637)
Adjustments for:			
Amortisation of right-of-use asset	8	51	53
Interest expense	14	7	2
Interest income		(680)	(1,335)
Unrealised foreign exchange gain	19	13	(18)
Share of results of joint venture	7	1,469	3,049
Loss on partial disposal of joint venture	7	18,736	–
Derecognition of derivative financial instrument		–	(4,366)
Operating cash flows before working capital changes		(3,972)	(5,252)
Working capital changes:			
Trade and other receivables (including related parties)		49	(41)
Trade and other payables (including Directors and related parties)		(414)	81
Cash used in operations		(4,337)	(5,212)
Income tax paid		(38)	(1)
Net cash used in operating activities		(4,375)	(5,213)
Investing activities			
Proceed from partial disposal of joint venture	7	*	–
Acquisition of non-controlling interests	6	–	(36,000)
Interest received		650	1,287
Net cash from/(used in) investing activities		650	(34,713)
Financing activities			
Repayment of obligations under lease	14	(48)	(54)
Interest paid	14	(7)	(2)
Net cash used in financing activities		(55)	(56)
Net change in cash and cash equivalents		(3,780)	(39,982)
Effect of exchange rate changes on cash and cash equivalents		(53)	(40)
Cash and cash equivalents at beginning of the financial year		44,823	84,845
Cash and cash equivalents at end of the financial year	12	40,990	44,823

* Amount is less than RMB1,000.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL CORPORATE INFORMATION

Hengyang Petrochemical Logistics Limited (the “Company”) is a public limited liability company, incorporated and domiciled in Singapore with its registered office located at 8 Robinson Road, #13-00 ASO Building, Singapore 048544. The Company’s registration number is 200807923K. The principal place of business is 1 Hengyang Road, Shizhuang Industrial Park, New Harbor City, Jiangyin, Jiangsu Province, People’s Republic of China (“PRC”) 214446. The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The immediate and ultimate holding company is Foreversun Holdings Co., Ltd., a company incorporated in the British Virgin Islands. The ultimate controlling party is Mr Gu Wen Long, whose interest in the Company is held through his shareholdings in Foreversun Holdings Co., Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Companies Act 1967 in Singapore and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related SFRS(I) Interpretations (“SFRS(I) INTs”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as disclosed in Note 4 to the financial statements.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its “functional currency”). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Chinese renminbi (“RMB”) which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand (RMB’000) unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2021

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore (“ASC”) that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group’s business activities or require accounting which is consistent with the Group’s current accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ACS that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statement of financial position, comprehensive income and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. 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 and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any, in the Company's separate financial statements.

2.3 Plant and equipment

All items of plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the depreciable amounts of plant and equipment to their residual values over their estimated remaining useful lives, using the straight-line method, on the following bases:

Electronic system and equipment	5 to 10 years
Furniture and fixtures	3 to 5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Plant and equipment (Continued)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An items of plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated items are retained in the financial statements until they are no longer in use.

2.4 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The Group's share of the results of the joint venture is recognised in profit or loss. Where there has been a change recognised directly in equity of the joint venture, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss. In the Group's consolidated financial statements, the Group's share of results and reserves of joint ventures acquired or disposed of are included in the consolidated financial statements from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The consolidated statement of comprehensive income reflects the share of results of operations of the joint ventures. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains or losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Joint venture (Continued)

Where the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

2.5 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and lease liability.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for lease payments made at or before commencement of the lease and initial direct costs incurred, if any.

The Group presents the right-of-use asset and lease liability separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated amortisation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are amortised on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets.

The carrying amount of the right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.6 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged to a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

For lease contract that conveys a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

2.6 Impairment of non-financial assets

At the end of each financial year, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

a) Financial assets

The Group classifies its financial assets into amortised cost in accordance to the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets.

Amortised cost

These assets arise principally from other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment of financial assets

Impairment provisions for receivables from related parties and a subsidiary are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise other receivables (including amount owing by related parties and a subsidiary and excluding prepayment) and cash and cash equivalents in the statements of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial instruments (Continued)

b) Financial liabilities and equity instruments

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Other payables to third parties, amounts owing to Directors and a subsidiary are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Financial guarantee contracts

The Group has issued corporate guarantees to certain lenders for borrowings of certain subsidiaries of the joint venture and these guarantees qualify as financial guarantees because the Group is required to reimburse the lenders if these subsidiaries of the joint venture are unable to repay these borrowings as and when they fall due.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group and the Company derecognises financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expired. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand, deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.9 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 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. Where the grant relates to expense item, it is recognised in the profit or loss over the period necessary to match it on a systematic basis to the costs that it is intended to compensate.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.12 Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense in the period in which the related service is performed. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and has no legal and constructive obligation to pay further once the payments are made.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months after the end of reporting period as a result of services rendered by employees up to the end of the reporting period.

2.13 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior periods shall be measured at the amount expected to be paid to the taxation authority, using the tax rates and interpretation to applicable tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period. Management evaluates its income tax provisions on a periodical basis.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Taxes (Continued)

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred taxes are recognised in profit or loss.

2.14 Foreign currency transactions and translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Foreign currency transactions and translation (Continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Chinese renminbi using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of foreign operations (including monetary items that, in substance, form part of the foreign operations) are taken to the foreign currency translation reserve.

2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Group executive directors and chief executive officer have been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions.

The Group has only one reportable operating segment, which is the investment holding segment relating to the Group's investment in a joint venture and other investment holding activities. The Group's business is engaged entirely in the PRC and hence no segment information is disclosed.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

The following is the critical judgement, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

3.1 Critical judgements made in applying the accounting policies (Continued)

Joint control

As at 31 December 2021, the Group (through its wholly owned subsidiary Hengyang Holding Pte. Ltd), Sinopec Chemical Sales Company Limited (“Sinopec Chemical”) and CITIC Port Investment Co., Ltd (“CITIC Port”) respectively hold 49%, 49% and 2% of the equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (“Jiangyin Foreversun”).

Management has carried out an assessment to determine whether the Group continues to have joint control over Jiangyin Foreversun. The assessment included review of unanimous consent from the two joint venture partners for reserved matters and relevant activities which will significantly affect the returns of the joint venture. Accordingly, the Company concluded that it is appropriate to classify Jiangyin Foreversun as a joint venture of the Company (Note 7).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investment in a joint venture

The Group followed the accounting policy set out in Note 2.6 in the impairment assessment of its investment in a joint venture. The recoverable amount has been determined based on value-in-use calculations. The value-in-use calculations require the Group to estimate the future cash flows using suitable revenue growth rates, earnings before interest and tax (“EBIT”) margins and discount rate in order to calculate the present value of the cash-generating unit. The Group’s carrying amount of investment in a joint venture as at 31 December 2021 was RMB513,217,000 (2020: RMB533,422,000). The details of the impairment assessment and key assumptions are set out in Note 7 to the financial statements.

4. GOING CONCERN

During the current financial year, the Group incurred loss after tax of RMB23,568,000 and the Company’s current liabilities exceeded its current asset by RMB14,100,000 as at 31 December 2021. Furthermore, the Group and its joint venture partners provided guarantees to certain lenders for the borrowings of its joint venture, Jiangyin Foreversun and its subsidiaries (the “Jiangyin Group”). The details of the guarantees are set out in Note 23 to the financial statements. The Group does not expect significant credit losses arising from these guarantees. The directors are of the view that there is no material uncertainty that may cast a significant doubt on the Group’s and the Company’s ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. PLANT AND EQUIPMENT

	Electronic system and equipment RMB'000	Furniture and fixtures RMB'000	Total RMB'000
Group and Company			
Cost			
Balance as at 1 January 2020, 31 December 2020 and 31 December 2021	10	55	65
Accumulated depreciation			
Balance as at 1 January 2020, 31 December 2020 and 31 December 2021	10	55	65
Carrying amount			
Balance as at 31 December 2020 and 31 December 2021	–	–	–

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RMB'000	2020 RMB'000
Unquoted equity investments, at cost	303,472	303,472

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group	
		2021 %	2020 %
Held by the Company			
Hengyang Holding Pte. Ltd. ⁽¹⁾ (Singapore)	Investment holding	100	100
Held by Hengyang Holding Pte. Ltd.			
Deqiao Petrochemical Logistics Pte. Ltd. (Singapore) ⁽²⁾	Dormant	–	100

Notes:

(1) Audited by BDO LLP, Singapore.

(2) The subsidiary has been liquidated on 6 October 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENTS IN SUBSIDIARIES (Continued)

On 15 October 2020, the Company acquired remaining 35% equity interests in its existing subsidiary Hengyang Holdings Pte Ltd from a non-related party for a purchase consideration of RMB36,000,000.

	RMB'000
Carrying amount of non-controlling interests acquired	198,053
Consideration paid to non-controlling interests	<u>(36,000)</u>
Increase in equity attributable to owners of the Company	<u>162,053</u>

Effects of transactions with non-controlling interests on the equity attributable to owner of the parent of the year ended 31 December 2020

	Retained earnings RMB'000	Equity attributable to owners of the parent RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
2020				
Acquisition of additional interest in a subsidiary	<u>162,053</u>	<u>162,053</u>	<u>(198,053)</u>	<u>36,000</u>

7. INVESTMENT IN A JOINT VENTURE

	Group	
	2021 RMB'000	2020 RMB'000
At beginning of the financial year	533,422	536,471
Share of result of joint venture, net of tax	(1,469)	(3,049)
Partial disposal of equity interest	<u>(18,736)</u>	<u>–</u>
At the end of the financial year	<u>513,217</u>	<u>533,422</u>

The details of the joint venture are as follows:

Name of company (Principal place of business)	Principal activities	Effective equity interest held by the Group	
		2021 %	2020 %
Held by Hengyang Holding Pte. Ltd. ("HHPL")			
Jiangyin Foreversun Chemical Logistics Co., Ltd. ⁽¹⁾ (People's Republic of China) (Jiangyin Group)	Storage, dispatch, drumming and land transportation of liquid petrochemical products and management of ports terminal	49	51

(1) Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, PRC, a member firm of BDO International Limited for equity accounting purpose.

The financial year end of Jiangyin Foreversun is 31 December.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT IN A JOINT VENTURE (Continued)

On 24 September 2021, HHPL's joint venture partner CITIC Port Investment Co., Ltd. ("CITIC Port") sold all of its 49% equity interest in Jiangyin Foreversun to Sinopec Chemical Sales Company Limited ("Sinopec Chemical") for a cash consideration of RMB690,020,000. At the same time, HHPL sold 2% equity interest in Jiangyin Foreversun to CITIC Port for a nominal consideration of SGD1 (equivalent to RMB5) in consideration for CITIC Port's continuous support which comprised financial guarantees to certain borrowings of the Jiangyin Foreversun. As a result, HHPL's shareholding in Jiangyin Foreversun was reduced from 51% to 49%. The Group recorded loss on partial disposal of joint venture amounting to RMB18,736,000. Following the above, HHPL, Sinopec Chemical and CITIC Port respectively hold 49%, 49% and 2% of the equity interest in Jiangyin Foreversun.

The Group has pledged the entire amount of its investment in the joint venture in favour of certain lenders for the borrowings taken by the joint venture. The Group also extended financial guarantees to these borrowings. The details are set out in Note 23 to the financial statements.

Impairment assessment of investment in a joint venture

The management carried out a review of the investment in a joint venture, having regard for indicators of impairment on investment in a joint venture as certain subsidiaries of the joint venture have been incurring losses for the prior and current financial years. The assessment was made with reference to the value-in-use calculations by discounting future cash flow of remaining years of the respective land use rights for each operating entity. Based on management's review, no impairment was required.

The key assumptions for the value-in-use calculations are as follows:

	Group	
	2021	2020
	%	%
Revenue growth rates	1.8	2.7
Earnings before interest and tax ("EBIT") margins	20-49	23-40
Discount rate	9.7	9.7

If any of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal.

Revenue growth rates	Decreased by 1.5%
EBIT margins	Decreased by 5.5%
Discount rate	<u>Increased by 1.4%</u>

Significant restrictions

As at 31 December 2021, cash and bank balances of approximate RMB37,135,000 (2020: RMB85,304,000) held by joint venture in China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT IN A JOINT VENTURE (Continued)

Summarised financial information

Summarised financial information in respect of Jiangyin Foreversun and its subsidiaries ("Jiangyin Group") and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised consolidated statement of financial position of Jiangyin Group

	2021	2020
	RMB'000	RMB'000
Current assets	195,564	308,255
Non-current assets	2,623,299	2,404,257
Current liabilities	(486,318)	(1,302,314)
Non-current liabilities	(1,404,729)	(473,550)

The above amounts of assets and liabilities include the following:

	2021	2020
	RMB'000	RMB'000
Cash and cash equivalents	37,135	85,304
Current financial liabilities (excluding trade and other payables and current income tax payable)	(300,635)	(1,149,350)
Non-current financial liabilities (excluding trade and other payables and deferred tax liabilities)	(1,390,477)	(442,695)

Summarised consolidated statement of comprehensive income of Jiangyin Group

	2021	2020
	RMB'000	RMB'000
<u>Continuing operations</u>		
Revenue	447,083	344,098
Loss before income tax	(10,134)	(540)
Loss from continuing operations	(5,670)	(6,652)
<i>Included in the above amounts are:</i>		
Depreciation and amortisation	(104,858)	(78,683)
Interest income	30,033	29,818
Interest expense	(64,704)	(43,085)
Income tax credit/(expense)	4,464	(6,112)
<u>Discontinued operations</u>		
Net profit from discontinued operations	10	722

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT IN A JOINT VENTURE (Continued)

Summarised financial information (Continued)

Summarised consolidated statement of comprehensive income of Jiangyin Group (Continued)

On 20 January 2021, Jiangyin Foreversun disposed 85% equity interest in its subsidiary Jiangsu Xinheng Supply Chain Management Services Co., Ltd. to Jiangyin Jingang Chemical Co., Ltd for an aggregate consideration of RMB18,062,500. The entire results from Jiangsu Xinheng Supply Chain Management Services Co., Ltd. from 1 January 2021 to date of disposal was presented separately as “net profit from discontinued operations”.

	2021	2020
	RMB'000	RMB'000
Total loss, representing total comprehensive loss	(5,661)	(5,930)
Total comprehensive (loss)/income attributable to:		
– Owners of Jiangyin Foreversun	(3,205)	(5,978)
– Non-controlling interests	(2,456)	48
	(5,661)	(5,930)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:

	2021	2020
	RMB'000	RMB'000
Proportion of Group ownership	49%	51%
Share of net assets of the joint venture	400,508	419,267
Fair value adjustment on plant and equipment and land use rights	63,402	65,991
Cumulative depreciation and amortisation on fair value adjustment	(9,545)	(7,768)
Non-controlling interest	11	(2,909)
Interest in joint venture	454,376	474,581
Goodwill	58,841	58,841
Carrying value of Group's interest in joint venture	513,217	533,422

8. RIGHT-OF-USE ASSET

	Group	
	2021	2020
	RMB'000	RMB'000
At cost		
Balance as at 1 January	151	49
Addition	–	155
Amortisation for the financial year	(51)	(53)
Balance as at 31 December	100	151

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. OTHER RECEIVABLES

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Deposits	15	15	-	-
Interest receivables	78	48	6	10
Prepayment	-	49	-	-
	<u>93</u>	<u>112</u>	<u>6</u>	<u>10</u>
Less: Prepayment	-	(49)	-	-
Other receivables classified as financial assets at amortised costs	<u>93</u>	<u>63</u>	<u>6</u>	<u>10</u>

Other receivables classified as financial assets at amortised costs are denominated in the following currencies:

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Chinese renminbi	78	48	6	10
Singapore dollar	15	15	-	-
	<u>93</u>	<u>63</u>	<u>6</u>	<u>10</u>

10. AMOUNT OWING BY RELATED PARTIES

The amount owing by related parties are unsecured, non-interest bearing, repayable on demand. The balances are denominated in the following currencies:

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Chinese renminbi	6	6	6	6
Singapore dollar	173	181	-	-
	<u>179</u>	<u>187</u>	<u>6</u>	<u>6</u>

Amount owing by related parties are considered to be a low credit risk and subject to immaterial credit loss (Note 25.2). Credit risk for these assets has not increased significantly since their initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. AMOUNT OWING BY/(TO) A SUBSIDIARY

Amount owing by a subsidiary

The amount owing by a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable upon demand. The amount is denominated in Chinese renminbi.

Amount owing by a subsidiary is considered to be a low credit risk and subject to immaterial credit loss (Note 25.2). Credit risk for these assets has not increased significantly since their initial recognition.

Amount owing to a subsidiary

The amount owing to a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable upon demand. The amount is denominated in Singapore dollar.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	12	14	–	1
Bank balances	5,942	15,774	2,841	1,852
Fixed deposits	35,036	29,035	3,036	6,035
Cash and cash equivalents per consolidated statement of cash flows	40,990	44,823	5,877	7,888

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	35,259	42,970	3,148	6,824
Singapore dollar	5,720	1,840	2,718	1,051
United States dollar	11	13	11	13
	40,990	44,823	5,877	7,888

The effective interest rates for fixed deposits range from 0.23% to 2.7% (2020: 0.275% to 1.9%) per annum and have a tenure of 1 to 3 (2020: 1 to 2) months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. OTHER PAYABLES

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Accrued expenses	398	427	223	216
Other payables – third parties	388	806	229	545
	786	1,233	452	761

Other payables are denominated in Singapore dollar.

14. LEASE LIABILITY

	Group	
	2021 RMB'000	2020 RMB'000
Balance as at 1 January	151	50
Interest expense	7	2
Addition	–	155
Lease payments		
– Principal portion	(48)	(54)
– Interest portion	(7)	(2)
	(55)	(56)
Balance as at 31 December	103	151

The maturity analysis of lease liability of the Group at 31 December 2021 is as followed:

	Group	
	2021 RMB'000	2020 RMB'000
Contractual undiscounted cash flows		
– Not later than a year	54	56
– Between one and three years	54	107
	108	163
Less: Future interest expense	(5)	(12)
Present value of lease liabilities	103	151
Presented in statement of financial position		
– Non-current	50	49
– Current	53	102
	103	151

The Group leases an office premise in Singapore with fixed payments over the lease terms and the incremental borrowing rate applied was 5.25% (2020: 5.25%) per annum.

There is no externally imposed covenant on the lease arrangement. There is no lease expense not capitalised in lease liability.

The lease liability is denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. AMOUNT OWING TO DIRECTORS

The amount owing to the directors are unsecured, non-interest bearing, repayable on demand and denominated in Singapore dollar.

16. SHARE CAPITAL

	Group and Company		
	2021	2020	2020
	Number of ordinary shares	RMB'000	RMB'000
Issued and fully paid			
Balance as at beginning and end of financial year	<u>203,461,883</u>	<u>203,461,883</u>	<u>289,064</u>

The Company has one class of ordinary shares which carried no right to fixed income. All ordinary shares carry one vote per share without restriction and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. All shares rank equally with regards to the Company's residual assets.

17. OTHER RESERVE

Other reserve arose from dilution of equity interest in HHPL due to issuance of new shares to non-controlling interest in prior years and such transaction did not result in a loss in control in HHPL.

18. OTHER INCOME

	Group	
	2021	2020
	RMB'000	RMB'000
Government grant	30	163
Derecognition of derivative financial instrument	-	4,366
	<u>30</u>	<u>4,529</u>

19. LOSS BEFORE INCOME TAX

The above has been arrived at after charging:

	Group	
	2021	2020
	RMB'000	RMB'000
Amortisation of right-of-use asset	51	53
Audit fees – auditors of the Company	345	422
Foreign exchange loss/(gain)	13	(18)
Professional fees	583	930
Stamp duty	-	397
Employee benefit costs (including of Directors' fees) (Note 20)	<u>2,628</u>	<u>2,607</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. EMPLOYEE BENEFIT COSTS

Group	Directors' remuneration RMB'000	Other staff RMB'000	Total RMB'000
2021			
Directors' fees			
– Directors of the Company	1,428	–	1,428
Salaries and related costs	576	520	1,096
Defined contribution plans	45	59	104
	<u>2,049</u>	<u>579</u>	<u>2,628</u>
2020			
Directors' fees			
– Directors of the Company	1,473	–	1,473
Salaries and related costs	593	409	1,002
Defined contribution plans	56	76	132
	<u>2,122</u>	<u>485</u>	<u>2,607</u>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Directors are considered key management personnel. The employee benefit costs are charged to administrative and other expenses.

21. INCOME TAX EXPENSE

	Group	
	2021 RMB'000	2020 RMB'000
Current tax expense		
Current year	–	60
Under-provision of current income tax in respect of previous year	–	38
	<u>–</u>	<u>98</u>

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% (2020: 17%) to loss before income tax as a result of the following:

	Group	
	2021 RMB'000	2020 RMB'000
Loss before income tax	(23,568)	(2,637)
Share of results of joint venture, net of tax	1,469	3,049
	<u>(22,099)</u>	<u>412</u>
Tax at applicable income tax rate	(3,757)	70
Tax effect on non-deductible expenses	3,810	750
Tax effect on income not subject to tax	(53)	(760)
Under-provision of current income tax in respect of previous year	–	38
	<u>–</u>	<u>98</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. (LOSS)/PROFIT PER SHARE

The calculation for (loss)/profit per share is based on:

	Group	
	2021	2020
	RMB'000	RMB'000
(Loss)/profit after income tax attributable to owners of the parent (RMB'000)	<u>(23,568)</u>	<u>5,529</u>
Actual number of ordinary shares in issue during the financial year applicable to basic profit/(loss) per share ('000)	<u>203,462</u>	<u>203,462</u>
(Loss)/profit per share (in RMB cents)		
– Basic and diluted	<u>(11.58)</u>	<u>2.72</u>

Basic (loss)/profit per share is calculated by dividing the net (loss)/profit after income tax for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted (loss)/profit per share is equivalent to basic (loss)/profit per share for the financial year.

23. CONTINGENT LIABILITIES

The Group and its joint venture partners had given guarantees amounting up to RMB325,066,500 (2020: RMB890,026,500) to certain lenders in respect of borrowings of the joint venture, Jiangyin Group. These guarantees may be called upon by the lenders immediately upon defaults of joint venture's borrowings.

At 31 December 2021, the total amount of borrowings covered by the guarantees is RMB244,807,000 (2020: RMB675,138,000). Such financial guarantees require the Group to reimburse the lenders if Jiangyin Group fails to make principal or interest repayments when due in accordance with the terms of the respective borrowings. As at 31 December 2021, the current liabilities of the Jiangyin Group exceeded its current assets by RMB290,754,000 (2020: RMB994,059,000). The Jiangyin Group has RMB280,400,000 (2020: RMB1,004,600,000) of borrowings which are due for repayment within the next 12 months from the reporting date, of which RMB94,286,000 (2020: RMB512,346,000) were guaranteed by the Group.

There was no default or non-repayment since the inception of these borrowings. The Directors are of the view that the Jiangyin Group is able to pay its debts when fall due, due to availability of undrawn banking facilities available to Jiangyin Group. Furthermore, Jiangyin Group's borrowings are secured over mortgages against fixed assets of Jiangyin Group. As at 31 December 2021, the carrying amount of Jiangyin Group's properties, plant and equipment are substantially higher than the carrying amount of the outstanding borrowings. Based on the Group's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group's joint venture entered into the following transactions with related parties at rates and terms agreed between the parties:

Group	Group	
	2021 RMB'000	2020 RMB'000
By joint venture		
<i>Sales to related parties</i>	55,517	43,304
– Jiangyin Golden Bridge Chemical Co., Ltd. (Note (a))	40,439	43,304
– Jiangyin Golden Bridge Trade Co., Ltd. (Note (b))	2,923	–
– Sinopec Chemical Sales Company Limited (Note (c))	12,155	–
<i>Interest expense charged by related parties</i>	6,269	5,784
Jiangyin Golden Bridge Chemical Co., Ltd. (Note (a))	5,510	5,015
– Gu Wen Long	759	769

(a) Jiangyin Golden Bridge Chemical Co., Ltd. ("Jinqiao Chemical") is a company established and wholly-owned by Ms Sun Fang, the spouse of the Company's Chairman and Chief Executive Officer, Mr Gu Wen Long.

(b) Jiangyin Golden Bridge Trade Co., Ltd. ("Jinqiao Trade") is a company established and controlled by Ms Sun Fang, the spouse of the Company's Chairman and Chief Executive Officer, Mr Gu Wen Long.

(c) Sinopec Chemical Sales Company Limited is a joint venture partner of Jiangyin Foreversun Chemical Logistics Co., Ltd.

The outstanding balances with related parties are disclosed in the respective notes to the financial statements.

25. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

25.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Financial assets measured at amortised cost				
Other receivables	93	63	6	10
Amount owing by related parties	179	187	6	6
Amount owing by a subsidiary	–	–	9,538	11,158
Cash and cash equivalents	40,990	44,823	5,877	7,888
	41,262	45,073	15,427	19,062
Financial liabilities measured at amortised cost				
Other payables	786	1,233	452	761
Lease liability	103	151	–	–
Amount owing to a subsidiary	–	–	28,307	29,588
Amount owing to directors	359	724	359	724
	1,248	2,108	29,118	31,073

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

25.2 Financial risk management objectives and policies

The Group and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group and the Company's exposures to these financial risks or the manner in which they manage and measure these risks. The Group and the Company do not hold or issue a derivative financial instrument for trading purpose or to hedge against fluctuation. The Group and the Company's exposure to financial risks associated with financial instruments held in the ordinary course of business includes:

(i) Foreign currency risk

Currency risk arises from transactions denominated in currencies other than the functional currency of the entities within the Group. The Group and the Company is primarily exposed to Singapore dollar ("SGD"). The Group and the Company does not use any derivative financial instruments to hedge these exposures.

The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year were as follows:

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Monetary assets				
Singapore dollar	<u>5,908</u>	<u>2,036</u>	<u>2,718</u>	<u>1,051</u>
Monetary liabilities				
Singapore dollar	<u>(1,598)</u>	<u>(2,108)</u>	<u>(29,468)</u>	<u>(31,073)</u>

The following table details the Group's and Company's sensitivity to a 5% (2020: 5%) change in SGD against RMB. The sensitivity analysis assumes an instantaneous 5% (2020: 5%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items denominated in SGD are included in the analysis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

25.2 Financial risk management objectives and policies (Continued)

(i) Foreign currency risk (Continued)

	← Increase/(Decrease) in Profit or Loss →			
	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
SGD				
Strengthens against RMB	216	(4)	(1,337)	(1,501)
Weakens against RMB	<u>(216)</u>	<u>4</u>	<u>1,337</u>	<u>1,501</u>

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to significant market interest rates risk.

(iii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

The Group's major classes of financial assets are cash and cash equivalents and amounts owed by related parties. The Company's major classes of financial assets are cash and cash equivalents and amounts owing by a subsidiary. As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position except for the financial guarantees issued by the Group for the borrowings of the joint venture as disclosed in Note 23 to the financial statements.

Amounts owing by related parties and a subsidiary

For amounts owing by related parties (Note 10) and a subsidiary (Note 11), Board of Directors has taken into account information available internally about these receivables' past, current and expected operating performance and cash flow position. Board of Directors monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amounts due from the related parties and a subsidiary, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the related parties and a subsidiary have sufficient liquid assets to repay their debts. Therefore, amount due from the related parties and a subsidiary are subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

25.2 Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Cash and cash equivalents

Cash and cash equivalents are mainly deposits placed with reputable banks with good credit ratings. The Company monitors the credit ratings of counterparties regularly. The cash and cash equivalents are held with bank and financial institution counterparties, which rated between A1 to A3, based on Moody's Rating. Impairment of cash and cash equivalents has been measured based on 12-month expected credit loss model. At the reporting date, the Company did not expect any credit losses from non-performance by the counterparties.

Financial guarantee contracts

The Group has issued financial guarantees to certain lenders for borrowings of its joint venture as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Corporate guarantees provided to bank for interest in a joint venture's banking facilities utilised as at the end of financial year	244,807	675,138

The Directors are of the view that the Jiangyin Group is able to pay its debts when fall due, due to availability of undrawn credits available to Jiangyin Group. Furthermore, Jiangyin Group's borrowings are secured over mortgages against fixed assets of Jiangyin Group. As at 31 December 2021, the carrying amount of Jiangyin Group's fixed assets are substantially larger than the carrying amount of the outstanding borrowings. Based on the Group's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

(iv) Liquidity risk

Liquidity risk is the risk that the Group the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group and the Company manage the liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

All financial liabilities of the Group and the Company mature within one year from the end of the financial year, except for non-current lease liability which will mature within three years. The carrying amount represents the contractual undiscounted cash flows except for lease liability as disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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26. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder's value.

The capital structure of the Group and the Company consists of equity attributable to equity holders of the Company, comprising issued share capital, other reserve and retained earnings. The Board reviews the capital structure on a regular basis. As part of this review, the Board considers the cost of capital and risks associated with each class of capital. Upon review, the Group will balance their overall capital structure through new share issues as well as issue of new debts or the redemption of existing debts. The Group's overall strategy remains unchanged from year 2020.

The Group and the Company are not subject to any externally imposed capital requirement.

27. AUTHORISATION OF FINANCIAL STATEMENTS

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 were authorised for issue in accordance with a Directors' resolution dated 13 April 2022.

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2022

No. of Issued Shares	:	203,461,883
No. of Treasury Shares	:	0
No. of Subsidiary Holdings ⁽¹⁾	:	0
Percentage of Treasury Shares and Subsidiary Holdings ⁽²⁾	:	0.00%
Class of shares	:	Ordinary shares
Voting Rights	:	One vote per share

Notes:

- (1) "Subsidiary Holdings" is defined in Section B: Rules of Catalist of the SGX-ST Listing Manual ("Catalist Rules") to mean Issued Shares of the Company held by its subsidiary, as referred to in Section 21 of the Companies Act 1967.
- (2) Percentage calculated against the total number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 – 99	134	45.89	2,200	0.00
100 – 1,000	43	14.73	22,868	0.01
1,001 – 10,000	50	17.12	206,081	0.10
10,001 – 1,000,000	51	17.47	6,961,854	3.42
1,000,001 AND ABOVE	14	4.79	196,268,880	96.47
TOTAL	292	100	203,461,883	100

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NUMBER OF SHARES	%
1	FOREVERSUN HOLDINGS CO., LTD	77,800,000	38.24
2	INTEGRATED LOGISTICS (HK) LTD	52,500,000	25.80
3	CITIBANK NOMINEES SINGAPORE PTE LTD	36,300,000	17.84
4	RAFFLES NOMINEES (PTE.) LIMITED	9,713,400	4.77
5	OCBC SECURITIES PRIVATE LIMITED	4,277,200	2.10
6	DBS NOMINEES (PRIVATE) LIMITED	3,133,980	1.54
7	LUAN YING	2,183,600	1.07
8	HSBC (SINGAPORE) NOMINEES PTE LTD	1,950,000	0.96
9	WANG WEIZHONG	1,750,000	0.86
10	LI YI	1,700,000	0.84
11	ABN AMRO CLEARING BANK N.V.	1,557,900	0.77
12	FU XINRONG	1,250,000	0.61
13	IFAST FINANCIAL PTE. LTD.	1,090,300	0.54
14	OIL TANKING ASIA PACIFIC PTE LTD	1,062,500	0.52
15	TAN THOO CHYE	955,500	0.47
16	JIANG JIAN	771,750	0.38
17	MAYBANK SECURITIES PTE. LTD.	607,195	0.30
18	DIONG TAI PEW	571,300	0.28
19	DIONG CHON LOI	469,900	0.23
20	CHOW CHIN YANN	396,250	0.19
TOTAL		200,040,775	98.31

Notes:

- (1) Foreversun Holdings Co., Ltd. is holding 36,300,000 shares of the Company through Citibank Nominees Singapore Pte Ltd.
- (2) Mr Xie Yu, a Non-Executive Director of the Company, is holding 1,950,000 shares of the Company through HSBC (Singapore) Nominees Pte Ltd.
- (3) Mr Diong, an Independent Director of the Company, is holding 104,800 shares through OCBC Securities Private Limited.

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2022

Name of Substantial Shareholder	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
ForeverSun Holdings Co., Ltd. ⁽¹⁾	114,100,000	56.08	–	–
Integrated Logistics (H.K.) Ltd. ⁽²⁾	52,500,000	25.80	–	–
Gu Wen Long ⁽³⁾	–	–	114,100,000 ⁽³⁾	56.08

Notes:

- (1) Of the 114,100,000 shares of the Company in which ForeverSun Holdings Co., Ltd. has an interest, 36,300,000 shares are held through Citibank Nominees Singapore Pte Ltd.
- (2) Mr Tee Tuan Sem, the Executive Vice Chairman of the Company, is the chief executive officer of Integrated Logistics Bhd (“ILB”), a logistics company listed on Bursa Malaysia. ILB has a 70% indirect effective equity interest in Integrated Logistics (H.K.) Ltd. (“ILHK”). ILHK is an investment holding company, incorporated in Hong Kong, with investments in logistics businesses in the People’s Republic of China. The other 30% of ILHK is owned by Shun Hing China Investment Limited, an investment holding company that is indirectly owned by the family of Mr David Mong Tak-yeung and the estate of Dr William Mong Man-Wai. Mr David Mong Tak-yeung is not related to any of the Directors.
- (3) Mr Gu Wen Long owns the entire issued share capital of ForeverSun Holdings Co., Ltd. and is therefore deemed interested in the shares of the Company held by ForeverSun Holdings Co., Ltd. by virtue of Section 7 of the Companies Act.

Rule 723 of the Catalist Rules

Based on the above information and to the best knowledge of the Directors and Substantial Shareholders of the Company, 16.83% of the issued shares of the Company are held by the public. Rule 723 of the Catalist Rules of the SGX-ST is complied with.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hengyang Petrochemical Logistics Limited (the “**Company**”) will be held by way of electronic means on **Thursday, 28 April 2022 at 10.00am** for the following purposes:

AS ORDINARY BUSINESS

To consider and, if deemed fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021, together with the Directors’ Statement and Report of the Auditors thereon.
(Resolution 1)
2. To re-elect Mr Tee Tuan Sem being a Director who retires pursuant to Article 91 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.
[Explanatory Note (1)] (Resolution 2)
3. To re-elect Mr Diong Tai Pew (“**Mr Diong**”) being a Director who retires pursuant to Article 91 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.
[Explanatory Note (2)] (Resolution 3)
4. That contingent upon the passing of Ordinary Resolution 3 above, shareholders to approve Mr Diong’s continued appointment as an Independent Director in accordance with Rule 406(3)(d)(iii)(A) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) (which came into effect on 1 January 2022), and such Resolution shall remain in force until the earlier of the following: (i) Mr Diong’s retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution.
[Explanatory Note (2)] (Resolution 4)
5. That contingent upon the passing of Ordinary Resolutions 3 and 4 above, shareholders (excluding the Directors and the Chief Executive Officer (“**CEO**”) of the Company, and the respective associates of such Directors and CEO) to approve Mr Diong’s continued appointment as an Independent Director in accordance with Rule 406(3)(d)(iii)(B) of the Catalist Rules (which came into effect on 1 January 2022), and such Resolution shall remain in force until the earlier of the following: (i) Mr Diong’s retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution.
[Explanatory Note (2)] (Resolution 5)
6. To approve the payment of Directors’ Fees of S\$220,700 for the financial year ending 31 December 2022.
[Explanatory Note (3)] (Resolution 6)
7. To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors of the Company to fix their remuneration.
(Resolution 7)

NOTICE OF THE ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. SHARE ISSUE MANDATE

THAT pursuant to Section 161 of the Companies Act 1967 (the “**Companies Act**”) and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

- I. (a) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (b) make or grant offers, agreements or options (collectively, “**Instruments**”) that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance to any Instruments made or granted by the Directors while this Resolution was in force, provided that:
 - (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred percent (100%) of the total number of the issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
 - (b) (subject to such calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the issued share capital shall be calculated based on the total number of the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of the Instruments;
 - (ii) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidated or subdivision of shares;

NOTICE OF THE ANNUAL GENERAL MEETING

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[Explanatory Note (4)]

(Resolution 8)

9. SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

THAT approval be and is hereby given:

- (1) for the purpose of Chapter 9 of the Catalist Rules, for the Company and any of its subsidiaries and associated companies that is deemed an entity at risk as defined in Chapter 9 of the Catalist Rules, to enter into any of the transactions falling within the types of Interested Person Transactions, as set out in the Appendix to the Annual Report for the financial year ended 31 December 2021 (the "**Appendix**") with any party who is of the class of the Interested Persons described in the Appendix provided that such transactions are carried out in the ordinary course of business, on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");
- (2) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by laws to be held, whichever is the earlier; and
- (3) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution.

[Explanatory Note (5)]

(Resolution 9)

- 10. To transact any other ordinary business that may properly be transacted at an annual general meeting.

By Order of the Board

Yap Lian Seng and Dr Qiu Yang

Joint Company Secretaries

Singapore, 13 April 2022

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

- (1) **Resolution 2** – Mr Tee Tuan Sem, if re-elected, will remain as the Executive Vice Chairman of the Board of Directors of the Company.

Detailed information of Mr Tee Tuan Sem (including information as set out in Appendix 7F of the Catalist Rules) can be found under “Board of Directors” and “Additional Information on Directors Seeking Election/Re-election and Continued Appointment” of the Company’s Annual Report.

- (2) **Resolutions 3, 4 and 5** – In accordance with Rule 406(3)(d)(iii) of the Catalist Rules which came into effect on 1 January 2022, Mr Diong Tai Pew (“**Mr Diong**”) having served on the Board of the Company beyond 9 years will not be considered independent unless his appointment as an Independent Director is approved in separate resolutions by (i) all shareholders and (ii) shareholders (excluding the Directors and the CEO of the Company, and the respective associates of such Directors and the CEO) as required for his continued appointment as an Independent Director.

In the event Ordinary Resolutions 3, 4 and 5 are passed, Mr Diong will remain as a Non-Executive and Lead Independent Director of the Company, the Chairman of the Audit Committee, a Member of the Nominating Committee and a Member of the Remuneration Committee of the Company and is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

In the event Ordinary Resolution 3 is passed but Ordinary Resolutions 4 and/or 5 are not passed, Mr Diong will be re-designated to Non-Independent Non-Executive Director as the Company continues its search for a new Independent Director to comply with the requirements of the Code of Corporate Governance 2018 and the Catalist Rules.

For the avoidance of doubt, if Ordinary Resolution 3 is not passed, Mr Diong will cease to be a Director with effect from the date of the AGM of the Company, notwithstanding that Ordinary Resolutions 4 and/or 5 may be approved by shareholders at the AGM of the Company.

For the purpose of Ordinary Resolution 5, in accordance with Rule 406(3)(d)(iii)(B) of the Catalist Rules (which came into effect on 1 January 2022), the Directors and the CEO of the Company, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.

Detailed information of Mr Diong (including information as set out in Appendix 7F of the Catalist Rules) can be found under “Board of Directors” and “Additional Information on Directors Seeking Election/Re-election and Continued Appointment” of the Company’s Annual Report.

- (3) **Resolution 6** – Is to facilitate payment of Directors’ fees during the financial year in which the fees are incurred. The Directors’ fees will be paid half-yearly in arrears. The aggregate amount of Directors’ fees provided in the Resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2022 (“**FY2022**”). Should any Director hold office for only part of FY2022 and not the whole of FY2022, the Director’s fee payable to him will be appropriately pro-rated.
- (4) **Resolution 8** – Is to empower the Directors to issue shares and/or Instruments (as defined above) in the capital of the Company. The aggregate number of shares to be issued pursuant to Resolution 8 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 50% for shares issued other than on a pro-rata basis to shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to the said Resolution). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the total number of issued shares (excluding treasury shares) at the time of the passing of Resolution 8, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments; (ii) new shares arising from exercising share options or vesting share awards outstanding or subsisting at the time of passing of this Resolution provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (5) **Resolution 9** – For further details, please refer to the Appendix.

NOTES: MEASURES TO MINIMIZE THE RISK OF COVID-19

GENERAL

1. The Annual General Meeting (“**AGM**” or “**Meeting**”) is being convened and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternate Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (“**Order**”) and **members of the Company will not be able to attend the AGM in person. Printed copies of this Notice will not be sent to members.** This Notice will only be sent to members by electronic means via publication on the SGX website at the URL <https://www.sgx.com/securities/equities/5PD#Company%20Announcements>.
2. Alternative arrangements are instead put in place to allow the members to participate in the AGM by:
 - (a) watching and/or listening to the AGM proceedings via a Live Webcast (as defined below). Members who wish to participate as such will have to pre-register in the manner outlined in Note 3 to 6 below;
 - (b) submitting questions to the Chairman of the Meeting in advance of the AGM. Please refer to Note 7 to 10 below for further details; and
 - (c) voting by appointing the Chairman of the Meeting as proxy at the AGM. Please refer to Note 11 to 15 below for further details.

NOTICE OF THE ANNUAL GENERAL MEETING

PRE-REGISTRATION FOR LIVE WEBCAST

3. A member of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the AGM proceedings through a "live" webcast via mobile phones, tablets or computers ("**Live Webcast**"). In order to do so, shareholders must pre-register with us via <https://globalmeeting.bigbangdesign.co/hengyang2022/> by no later than **10.00 a.m.** on **23 April 2022** ("**Registration Deadline**") for the Company to verify his/her/its status as a shareholder of the Company ("Shareholder") prior to the AGM.
4. Following the verification, authenticated Shareholders will receive an email by **10.00 a.m.** on **25 April 2022** containing a unique link, which the Shareholders can click on to access the Live Webcast and/or teleconference number.
5. Shareholders must not forward the abovementioned link to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.
6. Shareholders who have registered by the Registration Deadline but do not receive an email response by **10.00 a.m.** on **25 April 2022** may contact the Company for assistance at **+65 65695290** or hengyangagmfy2021@hyplc.com with the following details included: (i) member's full name; and (ii) his/her/its identification/registration number.

SUBMISSION OF QUESTIONS

7. Shareholders and Investors will **not** be able to ask questions "live" via the Live Webcast.
8. Shareholders who wish to submit their questions in relation to the business of the AGM can do so via <https://globalmeeting.bigbangdesign.co/hengyang2022/> or email to hengyangagmfy2021@hyplc.com by **10.00 a.m.** on **21 April 2022**.
9. If the questions are sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.
10. The Company will endeavour to address the substantial and relevant questions received during the Live Webcast.

VOTING BY PROXY

11. Shareholders who wish to vote at the AGM must submit the instrument appointing a proxy ("**Proxy Form**") to appoint the Chairman of the AGM to cast votes on their behalf. **Please note that a member will not be able to vote through the Live Webcast and voting is only through submission of the Proxy Form.** The accompanying Proxy Form for the AGM may be accessed via the SGX website at the URL <https://www.sgx.com/securities/equities/5PD#Company%20Announcements>.
12. The Proxy Form appointing the Chairman of the Meeting as proxy:
 - (a) If sent personally or by post, must be deposited at the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632;
 - (b) If submitted by electronic means, must be sent by email to hengyangagmfy2021@hyplc.com.

in either case, to be received by **10.00 a.m.** on **26 April 2022**, being 48 hours before the time appointed for holding of the AGM (or at any adjournment thereof).

A member who wishes to submit the Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

13. In the Proxy Form, a member should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions in the form of proxy, failing which the Chairman of the Meeting will vote or abstain from voting at his/her discretion.
14. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
15. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting (or at any adjournment thereof).

NOTICE OF THE ANNUAL GENERAL MEETING

PERSONS WHO HOLD SHARES THROUGH RELEVANT INTERMEDIARIES

16. Investors who hold shares in the Company ("**Shares**") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 ("**Companies Act**")), including CPF/SRS investors, and who wish to participate in the AGM by (a) watching and/or listening to the AGM proceedings via the Live Webcast; or (b) submitting questions in advance of the AGM, should contact their relevant intermediaries to indicate their interest in order for their relevant intermediaries to make the necessary arrangements for them to participate in the Live Webcast of the AGM.
17. The Proxy Form is **not** valid for use by investors who hold Shares through relevant intermediaries, (as defined in Section 181 of the Companies Act), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days (i.e. by 10.00 a.m. on 18 April 2022) before the date of the AGM to specify voting instructions.

MINUTES

18. Minutes of the AGM will be provided within one month after the AGM.

PERSONAL DATA PRIVACY

By (a) submitting details for the registration to observe the proceedings of the AGM via Live Webcast, (b) submitting a Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, and/or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the proxies and representatives appointed for the AGM (including any adjournment thereof);
- (ii) the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (iii) processing the pre-registration form for the purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to view the Live Webcast of the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iv) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

FURTHER UPDATES

As the COVID-19 situation continues to evolve, the Company seeks shareholders' understanding that further measures and/or changes to the AGM arrangements may be made on short notice. In the event such measures are adopted, the Company will make announcements as appropriate. Shareholders shall read the Company's announcements published via SGXNet to keep track of the future developments of the AGM arrangements, if any.

*This document has been reviewed by the Company's Sponsor, Xandar Capital Pte Ltd ("**Sponsor**") for compliance with the relevant rules of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.*

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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION/RE-ELECTION AND CONTINUED APPOINTMENT AT THE ANNUAL GENERAL MEETING

	TEE TUAN SEM	DIONG TAI PEW
Age	70	71
Date Of Appointment	23 April 2008	19 November 2008
Job Title	Executive Vice Chairman	Non-Executive and Lead Independent Director Chairman of the Audit Committee, member of the Remuneration Committee and member of the Nominating Committee
Date of last re-election as Director (if applicable)	26 April 2019	30 April 2021
Country of principal residence	Malaysia	Singapore
The Board's comments on the re-election (including rationale, selection criteria, and the search and nomination process)	<p>The NC and the Board reviewed the nomination of Mr Tee Tuan Sem ("Mr Tee") and Mr Diong Tai Pew ("Mr Diong") for re-election at the AGM. When considering the nomination of Mr Tee and Mr Diong, the NC and the Board took into account <i>inter alia</i>, their contribution to the Company over the years, extensive experience, skills set and overall contribution to the effectiveness of the Board, which includes their time commitment, participation and candour at Board and Board Committee meetings, despite their multiple board representations and/or other principal commitments.</p> <p>In respect of Mr Diong who had served more than nine years since his initial appointment to the Board in 2008, the NC and the Board have performed rigorous review taking into consideration factors set out in the Nominating Committee Guide published on the website of the Singapore Institute of Directors. Based on the review, the NC and the Board are satisfied that Mr Diong remains independent, having observed instances of Mr Diong exercising independent judgement and objectivity in the review and evaluation of actions taken by or proposals from the Management, his seeking of clarification, as and when necessary, to make informed decisions whilst still remaining open to other viewpoints and provides constructive comments and suggestions to the proposals tabled in board and board committee meetings.</p> <p>In view of the above, the NC and the Board recommend the re-election of Mr Tee as Executive Vice Chairman and Mr Diong as Non-Executive and Lead Independent Director of the Company respectively.</p>	
Whether appointment is executive, and if so, the area of responsibility	Executive In charge of the Group's corporate and investment strategic developments.	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION/RE-ELECTION AND CONTINUED APPOINTMENT AT THE ANNUAL GENERAL MEETING

	TEE TUAN SEM	DIONG TAI PEW
Professional qualifications	For information on the professional qualification of Mr Tee, please refer to the section on “Board of Directors” of the Annual Report.	For information on the professional qualification of Mr Diong, please refer to the section on “Board of Directors” of the Annual Report.
Relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or its principal subsidiaries	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil
Working experience and occupation(s) during the past 10 years	For information on the working experience and occupation(s) of Mr Tee, please refer to the section on “Board of Directors” of the Annual Report.	For information on the working experience and occupation(s) of Mr Diong, please refer to the section on “Board of Directors” of the Annual Report.
Undertaking submitted to the Company in the form of Appendix 7H of Catalist Rule 704(6)	Yes	Yes
Shareholding interest in the Company and its subsidiaries	Nil.	676,100 shares
Other Principal Commitments including Directorships	<u>Past Directorships (for the last 5 years)</u> Nil <u>Present Directorships</u> Nil <u>Present Principal Commitments</u> Integrated Logistics Berhad (Chief Executive Officer)	<u>Past Directorships (for the last 5 years)</u> SIG Gases Berhad <u>Present Directorships</u> V.S. International Group Ltd. V.S. Industry Berhad <u>Principal Commitments</u> VS International Group Ltd. (Non-Executive Independent Director) V.S. Industry Berhad (Non-Executive Independent Director)
Date of announcement of first appointment	15 August 2008	19 November 2008
Responses to questions (a) to (k) under Appendix 7F of the Catalist Rules	Negative confirmation	Negative confirmation

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)

(Registration No. 200807923K)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT:

- The Annual General Meeting ("AGM" or the "Meeting") is being convened and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Order"). Printed copies of this Proxy Form and other AGM documents, including annual report, its Appendix and Notice of AGM will **not** be sent to members. The Notice of AGM and the Proxy Form will only be sent to members by electronic means via publication on the SGX website at the URL <https://www.sgx.com/securities/equities/SPD#Company%20Announcements>.
- Alternative arrangements relating to the attendance at the Meeting via electronic means, submission of questions to the Chairman of the Meeting in advance and/or voting by appointing the Chairman of the AGM as proxy at the AGM are set out in the Notice of AGM.
- Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, in the form of proxy. If no specific direction as to voting is given, the Chairman of the Meeting will vote or abstain from voting at his/her discretion.
- For investors who have used their CPF monies to buy shares in the capital of HENGYANG PETROCHEMICAL LOGISTICS LIMITED, this Proxy Form is **not** valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
- Such investors (including CPF/SRS investors) who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven working days (i.e. by 10.00 a.m. on 18 April 2022) before the AGM to specify voting instructions.
- By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated **13 April 2022**.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

I/We, _____ (name) _____

(NRIC/Passport/UEN) of _____ (address)

being a member/members of **HENGYANG PETROCHEMICAL LOGISTICS LIMITED** (the "**Company**"), hereby appoint:

the Chairman of the Annual General Meeting, as my/our proxy to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held by way of **electronic means** on **Thursday, 28 April 2022 at 10.00 a.m.** and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

ORDINARY RESOLUTIONS			
ORDINARY BUSINESS		For	Against
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021, together with the Directors' Statement and Report of the Auditors thereon.		
Resolution 2	To re-elect Mr Tee Tuan Sem, a Director who retires pursuant to Article 91 of the Constitution of the Company.		
Resolution 3	To re-elect Mr Diong Tai Pew, a Director who retires pursuant to Article 91 of the Constitution of the Company.		
Resolution 4	To approve Mr Diong Tai Pew's continued appointment as an Independent Director by all shareholders.		
Resolution 5	To approve Mr Diong Tai Pew's continued appointment as an Independent Director by shareholders (excluding the directors and chief executive officer of the Company, and their respective associates).		
Resolution 6	To approve the payment of Directors' Fees of S\$220,700 for the financial year ending 31 December 2022.		
Resolution 7	To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors of the Company to fix their remuneration.		
SPECIAL BUSINESS			
Resolution 8	To approve and adopt the Share Issue Mandate.		
Resolution 9	To approve and adopt the Shareholders' Mandate for Interested Person Transactions.		

Dated this _____ day of _____ 2022

Total Number of Shares held in:	
CDP Register	
Register of Members	

Signature(s) of members(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF



NOTES:

As the COVID-19 situation continues to evolve, the Company seeks shareholders' understanding that further measures and/or changes to the AGM arrangements may be made on short notice. In the event such measures are adopted, the Company will make announcements as appropriate. Shareholders should read the Company's announcements published via SGXNet to keep track of the future development of the AGM arrangements, if any.

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting ("AGM" or "Meeting") in person.** A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form is made available on SGX website at the URL <https://www.sgx.com/securities/equities/5PD#Company%20Announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, in respect of a resolution in the form of proxy. If no specific direction as to voting is given, the Chairman of the Meeting will vote or abstain from voting at his/her discretion.

3. Any member who is a relevant intermediary of the Company is entitled to appoint the Chairman of the Meeting to attend, speak and vote (whether to vote in favour of, or against, or to abstain from voting).

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 ("**Companies Act**").

4. Investors who hold shares in the Company ("**Shares**") through relevant intermediaries (as defined in Section 181 of the Companies Act, including CPF/SRS investors, and who wish to vote should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days (i.e. by 10.00 a.m. on 18 April 2022) before the AGM to specify voting instructions.
5. The instrument appointing the Chairman of the Meeting as proxy
 - (a) If sent personally or by post, must be deposited at the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - (b) If submitted by electronic means, must be sent by email to hengyangagmfy2021@hyplc.com.

in either case, to be received by 10.00 a.m. on 26 April 2022, being 48 hours before the time appointed for holding of the AGM (or at any adjournment thereof).

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation.
7. Where the instrument appointing the Chairman of the Meeting as proxy is signed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting (or at any adjournment thereof).

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated **13 April 2022**.

恒阳

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