



**HENGYANG PETROCHEMICAL LOGISTICS LIMITED**

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

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**CHANGES TO SHAREHOLDERS AND SHAREHOLDINGS IN  
JIANGYIN FOREVER SUN CHEMICAL LOGISTICS CO., LTD.**

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**Section I: The transfer of 49% equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (“China Holdco”) from CITIC Port Investment Co., Ltd. to Sinopec Chemical Sales Company Limited**

**1.1 Introduction**

The board of directors (the “**Board**”) of Hengyang Petrochemical Logistics Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has been informed that CITIC Port Investment Co., Ltd. (“**CITIC Port**”) has on 1 September 2021 completed the disposal of its 49% equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (“**China Holdco**”) to Sinopec Chemical Sales Company Limited (中国石化化工销售有限公司) (“**Sinopec Chemical**”) for a cash consideration of RMB690.02 million (the “**Disposal**”).

The Group, through the China Holdco (together with its subsidiaries, the “**China Holdco Group**”)¹, 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.

**1.2 Information on Sinopec Chemical**

- (a) Sinopec Chemical is a limited liability company incorporated under the laws of the People’s Republic of China (“**PRC**”) and is a state-owned enterprise. Sinopec Chemical is a wholly-owned subsidiary of China Petroleum & Chemical Corporation, a state-owned enterprise listed on the Hong Kong Stock Exchange.
- (b) China Petroleum & Chemical Corporation and its subsidiaries (the “**Sinopec Group**”) are principally engaged in the oil and gas and chemical operations and businesses, including (1) the exploration, development and production of crude oil and natural gas; (2) the refining, transportation, storage and marketing of crude oil and petroleum product; and (3) the production and sale of chemical.
- (c) For more information on Sinopec Chemical, please visit the website link below:  
[http://www.sinopec.com/listco/En/about\\_sinopec/our\\_business/chemical/](http://www.sinopec.com/listco/En/about_sinopec/our_business/chemical/)
- (d) Save as disclosed above, Sinopec Chemical does not have any relationship with the Group, its Directors and Substantial Shareholders.

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¹ As announced on 22 May 2017, the Group had completed the transfer of 49% of the equity interest of China Holdco to the CITIC Port Investment Co., Ltd. and had lost its practicable ability to direct the relevant activities of the China Holdco. The Group had therefore derecognized the assets and liabilities of the China Holdco from the Group’s consolidated financial statements. In other words, the assets and liabilities of the China Holdco are not consolidated in the Group’s financial statements. Subsequently, the Group has applied the equity method of accounting for the remaining 51% interest in China Holdco as an investment under “Investment in Joint Venture”.

For further details, please refer to the Company’s announcement on the unaudited financial statements for the six months ended 30 June 2017 released via the SGXNet on 7 August 2017, and to Note 7 of the Company’s annual report for the financial year ended 31 December 2017.

## **Section II: The transfer of 2% equity interest in China Holdco from Hengyang Holding Pte. Ltd. to CITIC Port Investment Co., Ltd.**

### **2.1 Introduction**

In connection with the Disposal, there is a possibility that two entities of the China Holdco Group (namely Chongqing New Hengyang Storage Co., Ltd. and Yueyang Hengyang Petrochemical Logistics Co., Ltd.) will be in breach of their loan covenants, as CITIC Port will be withdrawing its 51% corporate guarantees provided for two loans from Bank of China (“**BOC Loans**”) drawn down by these two subsidiaries in 2018 and Sinopec Chemical (as the new 49% shareholder of China Holdco) has only agreed to provide corporate guarantees in accordance with its equity interest in China Holdco, that is, 49% of the BOC Loans. The aggregate facilities provided under the BOC Loans is RMB645.15 million and the total amount outstanding as at 30 June 2021 is RMB436.03 million. Under the terms of the two BOC Loans, the Bank of China shall have the right to request for immediate repayment of the BOC Loans in the event of any breach of the loan covenants.

The Group has, after consultation with the Bank of China, CITIC Port and Sinopec Chemical, agreed to transfer 2% equity interest in China Holdco (the “**Transfer Subject**”) from Hengyang Holding Pte. Ltd. (“**HHPL**”, the wholly-owned subsidiary of the Company) to CITIC Port for a nominal consideration of S\$1 (the “**Transfer**”). HHPL has entered into a transfer agreement dated 1 September 2021 (the “**Transfer Agreement**”) with CITIC Port for the Transfer. In consideration of the Transfer, CITIC Port will provide corporate guarantees for the two BOC Loans in accordance with its equity interest in China Holdco, that is, 2% of the BOC Loans. With two state-owned entities (namely, Sinopec Chemical and CITIC Port) collectively providing 51% corporate guarantees for the BOC Loans, the loan covenant relating to corporate guarantee for the BOC Loans will be complied with.

Upon the completion of the Transfer, the shareholders of China Holdco shall be as follows:

<b>Name of shareholders of China Holdco</b>	<b>Percentage of equity interest in China Holdco</b>
HHPL	49%
Sinopec Chemical	49%
CITIC Port	2%

For ease of reference, please refer to the corporate structure of the Group immediately before the completion of both the Disposal and the Transfer, which is annexed hereto at **Appendix A**. Please refer to **Appendix B** of the updated corporate structure of the Group immediately after the completion of both the Disposal and the Transfer.

### **2.2 The Transfer as a “Discloseable Transaction”**

For the purposes of Chapter 10 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), the relative figures for the Transfer computed using the applicable bases of comparison set out in Catalist Rule 1006 based on the latest announced consolidated financial statements of the Group, being the six-month financial period ended 30 June 2021 (“**1H2021**”), are set out below:

(a)	Net asset value	Based on the unaudited net asset value attributable to the Transfer Subject of RMB18.79 million as at 30 June 2021 and the unaudited net asset value of the Group of RMB578.43 million as at 30 June 2021, the relative figure is 3.25%.
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(b)	Profit before income tax and non-controlling interests (" <b>Net Profit</b> ")	Based on the unaudited Net Profit attributable to the Transfer Subject of RMB0.193 million for 1H2021 and the Net Profit of the Group of RMB1.94 million for 1H2021, the relative figure is 9.94%.
(c)	Consideration	In accordance with paragraph 3.2(b)(ii) and (iii) of Practice Note 10A of the Catalist Rules, based on the contingent liabilities arising from the corporate guarantees to be provided by CITIC Port of RMB12.9 million (equivalent to S\$2.69 million based on the exchange rate of S\$1 to RMB4.8012 as at 30 June 2021 (the " <b>Exchange Rate</b> ") <sup>(1)</sup> ) and the Company's market capitalisation of S\$55.2 million (based on the Company's issued share capital of 203,461,883 shares and the volume-weighted average price of the Company's shares of S\$0.2713 on 31 August 2021 (the market day preceding the date of the Transfer Agreement)), the relative figure is 4.87%.
(d)	Equity securities to be issued	Not applicable as no equity securities will be issued as consideration for the Transfer.
(e)	Proven and probable reserves	Not applicable as the basis is applicable only mineral, oil and gas companies.

**Note:** (1) Extracted from Bloomberg

Based on the relative figures for the Transfer as set out above, the Transfer constitutes a "Discloseable Transaction" as defined in Chapter 10 of the Catalist Rules and the Company is required to make an announcement with the following information required under Catalist Rule 1010.

### 2.3 Relevant disclosure on the Transfer under Catalist Rules 1010

The information required under Catalist Rule 1010 are as follows:

- (1) *Particulars of the transaction, including the name of any company or business, where applicable.*

The information on the Transfer is set out in Section 2.1 of this announcement.

- (2) *A description of the trade carried on, if any.*

The principal business of the China Holdco Group is set out in Section 1.1 of this announcement.

- (3) *The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment. In the case of financial assistance, the aggregate value of the financial assistance and any interest payable on the financial assistance.*

The cash consideration was arrived at, on a willing buyer willing seller basis, taking into consideration the following:

- (a) China Holdco Group might be in breach of the loan covenants for the two BOC Loans without the Transfer and the corresponding 2% corporate guarantee from CITIC Port. In such event, the China Holdco Group might be required to repay the entire outstanding borrowings immediately. The BOC Loans were drawn down for the construction of the facilities in Chongqing and Yueyang which are currently still under construction. As at 31 August 2021, the Group's total cash and cash equivalent is not sufficient to repay the outstanding borrowings. The withdrawal of the BOC Loans will affect the operations of China Holdco Group negatively;
- (b) Given that the China Holdco Group will not have sufficient cash to repay the BOC Loans in the event of a sudden withdrawal of the BOC Loans, Bank of China has the rights to

seize the collaterals pledged for the BOC Loans (including the plant and equipment of Chongqing New Hengyang Storage Co., Ltd. and Yueyang Hengyang Petrochemical Logistics Co., Ltd.). Under such circumstances, no meaningful value will be assigned to the Transfer Subject;

- (c) CITIC Port was not able to realise its expected return on its investment in China Holdco as Deqiao facility only formally resumed operations in September 2020, much later than expected;
  - (d) CITIC Port will be taking on contingent liabilities amounting to RMB12.9 million arising from the corporate guarantees that it will be providing for the BOC Loans in connection with its 2% equity interest in China Holdco;
  - (e) No interest or guarantee fee is payable by China Holdco to CITIC Port for the corporate guarantees; and
  - (f) CITIC Port will discharge the current counter-guarantee and collaterals provided by HHPL to CITIC Port.
- (4) *Whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof.*

CITIC Port has agreed to observe a three-year moratorium on the Transfer Subject. In addition, HHPL has the right of first refusal to acquire the Transfer Subject from CITIC Port in the event that CITIC Port intends to dispose of the Transfer Subject in the future by giving 30 days' notice to HHPL.

- (5) *The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation.*

Book value of the Transfer Subject	The net book value of the Transfer Subject is RMB18.79 million based on the net book value of China Holdco Group of RMB939.64 million as at 30 June 2021.
Net tangible asset value of the Transfer Subject	The net tangible asset value of the Transfer Subject is RMB12.52 million based on the net tangible asset value of China Holdco Group of RMB626.26 million as at 30 June 2021.
Latest available open market value of the Transfer Subject	<p>The Company has not commissioned any valuation on the Transfer Subject.</p> <p>However, based on the consideration of RMB690.22 million for the Disposal, the Transfer Subject would theoretically have a value of RMB28.17 million. Nevertheless, given the potential breach of loan covenants arising from the Disposal, it is unlikely that the Company will be able to find a state-owned entity to purchase the Transfer Subject at such valuation and take on the corresponding contingent liabilities arising from the corporate guarantees in connection with the Transfer Subject.</p>

- (6) *In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds. In the case of an acquisition, the source(s) of funds for the acquisition.*

Based on the net book value of RMB18.79 million as at 30 June 2021, the S\$1 consideration for the Transfer represents a deficit of RMB18.79 million (equivalent to S\$3.91 million based on the Exchange Rate).

- (7) *The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal.*

The Net Profit attributable to the Transfer Subject amounted to RMB0.193 million for 1H2021.

Based on the nominal consideration of S\$1 and the net asset value of RMB18.79 million attributable to the Transfer Subject as at 30 June 2021, the Company will be recognising a loss on disposal of RMB18.79 million in connection with the Transfer.

- (8) *The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year.*

Assuming that the Transfer had been effected on 31 December 2020, the consolidated net tangible assets per share of the Company as at 31 December 2020 would be RMB2.74 instead of RMB2.83.

- (9) *The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year.*

Assuming that the Transfer had been effected on 1 January 2020, the earnings per share of the Company for FY2020 would be RMB0.0273 instead of RMB0.0272.

- (10) *The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction.*

The rationale for and benefits of the Transfer are as follows:

- (a) The Transfer will result in China Holdco having two state-owned entities (namely, Sinopec Chemical and CITIC Port) as its shareholders who will collectively own 51% equity interest in China Holdco. In connection therewith, Sinopec Chemical and CITIC Port will also be providing 51% corporate guarantees on the BOC Loans, thereby complying with the loan covenants on the BOC Loans;
  - (b) The current counter-guarantees and collaterals provided by HHPL to CITIC Port in relation to loans totalling RMB12.9 million as at 30 June 2021 will be discharged;
  - (c) China Holdco would be put in a better position to secure future financing and loans from banks in the PRC. Upon completion of the Transfer, counting CITIC Port's shareholding of 2% of the equity in the China Holdco together with Sinopec's 49% of the equity in China Holdco, China Holdco will be classified by the Chinese financial institutions as a company controlled by the Chinese SOE. With such a classification, China Holdco will be put in a better position to secure future financing support from the major banks in China; and
  - (d) The business connections and the opportunities that the CITIC Port is able to bring to China Holdco with CITIC Port remaining as a strategic investor in the China Holdco.
- (11) *Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests.*

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transfer.

- (12) *Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction.*

No director is proposed to be appointed to the Company in connection with the Transfer.

(13) *The relative figures that were computed on the bases set out in Rule 1006.*

As set out on Section 2.2 of this announcement.

## 2.4 Documents for Inspection

The Transfer Agreement will be available for inspection during normal business hours at the Company's registered address at 8 Robinson Road #13-00 ASO Building Singapore 048544 for three (3) months from the date hereof.

Pursuant to the relevant health and safety measures imposed in respect of the COVID-19 pandemic, all Shareholders are to register their intention to inspect said document at least five (5) business days before the date of their appointment, via the Company's email address at [contact@hyplc.com](mailto:contact@hyplc.com).

## 2.5 Other relevant information on the Transfer

With the Disposal, CITIC Port has relinquished its control of China Holdco.

HHPL has entered into a new shareholders' agreement with Sinopec Chemical and CITIC Port on 1 September 2021. The salient terms of the new shareholders' agreement are as follows:

### 2.5.1 Risk and rewards

The China Holdco shall be a limited liability company, of which the risks and rewards are to be shared proportionately based on the capital contributions of the parties.

### 2.5.2 Business scope

The business scope of the China Holdco comprises storage and warehousing of chemical products within port areas, storage and warehousing of food additives within port areas, general goods transportation, and construction and operation of public port facilities.

### 2.5.3 Board representation

The board of directors of the China Holdco ("**China Holdco Board**") shall comprise seven (7) directors of which four (4) (inclusive of the Chairman) shall be nominated by HHPL and three (3) (inclusive of the Vice Chairman) shall be nominated by Sinopec Chemical for election at the shareholders' meeting of the China Holdco. The Chairman and the Vice Chairman of the China Holdco Board shall be then elected amongst the elected directors of the China Holdco Board. In the event of an equality of votes, the China Holdco Board agrees to negotiate amicably without affecting the operations of the China Holdco.

### 2.5.4 Matters of China Holdco subject to approvals from China Holdco Board

- (a) The matters which require unanimous approval from the China Holdco Board include, *inter alia*, the annual budget, business plans and investment plans; plans for profit distribution and losses; changes to registered capital or issue of debt securities; plans to merge, split, dissolve or change the corporate form of China Holdco; management of related party transactions; and corporate fund raising exercises.
- (b) The matters which require at least two-thirds majority vote from the China Holdco Board include, *inter alia*, appointment, termination and remuneration of senior management, including but not limited to general manager, deputy general manager, chief financial officer, chief commercial officer, chief safety officer and deputy financial officer; formulation of company management policies; any transfer of China Holdco's patents, copyrights, trademarks or intellectual property rights, including the assumption of any liabilities on such patents, copyrights, trademarks or intellectual property rights, other than in the ordinary course of business; major asset acquisitions; litigation involving the

China Holdco; and nomination of chairman, general manager and finance manager of the China Holdco's subsidiaries.

- (c) The matters which require at least half of the China Holdco Board's vote include, *inter alia*, convening of shareholders' meetings; setting up of corporate departments; accounting standards for the China Holdco; appointment or replacement of the China Holdco's auditors; material asset acquisitions or disposals; and performance targets for the chairman, general manager and finance manager of the China Holdco's subsidiaries.

#### 2.5.5 Management team

The China Holdco shall have a management team comprising of one (1) General Manager, three (3) Deputy General Managers, one (1) Chief Financial Officer, one (1) Chief Commercial Officer, one (1) Chief Safety Officer and one (1) Deputy Financial Officer. HHPL shall nominate two (2) Deputy General Managers, the Chief Financial Officer, the Chief Commercial Officer and the Chief Safety Officer. Sinopec Chemical shall nominate the General Manager, one (1) Deputy General Manager and the Deputy Financial Officer.

#### 2.5.6 Distribution of dividends

The China Holdco's profit distribution to HHPL and CITIC Port shall be determined by way of shareholders' resolution. In principle, China Holdco shall distribute at least 40% of its net profit as dividends in the second financial year after eliminating its accumulated losses in prior years.

#### 2.5.7 Pre-emption rights to subscribe for new equity interest in the China Holdco

Unless otherwise agreed, each of HHPL, Sinopec Chemical and CITIC Port enjoy a pre-emption right according to their shareholding proportions for any increase in the share capital of the China Holdco. If HHPL, Sinopec Chemical or CITIC Port chooses not to subscribe for the new equity interest, the other party will have a pre-emptive right to purchase the proportion of the unsubscribed new equity interest over third parties.

#### 2.5.8 Lock-up period

- (a) Save for transfers to the respective related parties (as defined in the shareholders' agreement) of HHPL, Sinopec Chemical and CITIC Port, HHPL, Sinopec Chemical and CITIC Port shall not transfer all or any part of the equity interest in the China Holdco held by it or otherwise sell, dispose of or deal with all or any part of its equity interest in the China Holdco within three (3) years from the effective date (the "**Lock-up Period**").
- (b) In the event that Mr Gu Wen Long, Group's Chairman and Chief Executive Officer, transfers his equity interest (directly or indirectly) in the China Holdco to his immediate family members, the transferred equity interest shall be subject to a three (3) years lock-up period from the date of transfer.
- (c) After the Lock-up Period, if either HHPL or Sinopec Chemical decides to transfer any of its equity interest to a non-affiliated party, the shareholders agreement provides, *inter alia*, that a notice of transfer has to be given to the other party who shall have 30 days upon receipt of the notice of transfer to exercise its right of first refusal for all or any of that party's interests.
- (e) HHPL has the right of first refusal to acquire CITIC Port's equity interest in the China Holdco in the event that CITIC Port intends to dispose of its equity interest in the China Holdco in the future by giving 30 days' notice to HHPL.

#### 2.5.9 Rights and responsibility of shareholders

Sinopec Chemical and its related parties (as defined in the shareholders' agreement) shall have priority to utilise the storage capacity of the China Holdco Group on terms comparable to those attributable to the China Holdco Group's major customers. China Holdco Group shall also take into account the presence of Sinopec Chemical when formulating future development plans.

Each of HHPL, Sinopec Chemical and CITIC Port agrees that, HHPL and its related parties, Sinopec Chemical and its subsidiaries and CITIC Port shall inform the China Holdco Group of any business opportunities available to the China Holdco Group.

The Company also wishes to take this opportunity to welcome Sinopec Chemical as the joint venture partner of China Holdco. The Board believes that Sinopec Chemical is a strong financial and strategic partner for the future development of the China Holdco Group.

The Company also wishes to thank CITIC Port for its continuing support of the China Holdco Group.

## **2.6 Interests of Directors and Substantial Shareholders**

None of the Directors or substantial Shareholders of the Company or their respective associates has any interest, whether direct or indirect, in the Transfer, save for their interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

## **2.7 Directors' Responsibility Statement**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Transfer and the Group, and the Directors are not aware of any facts, the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **By Order of the Board**

GU WEN LONG  
Chairman and Chief Executive Officer

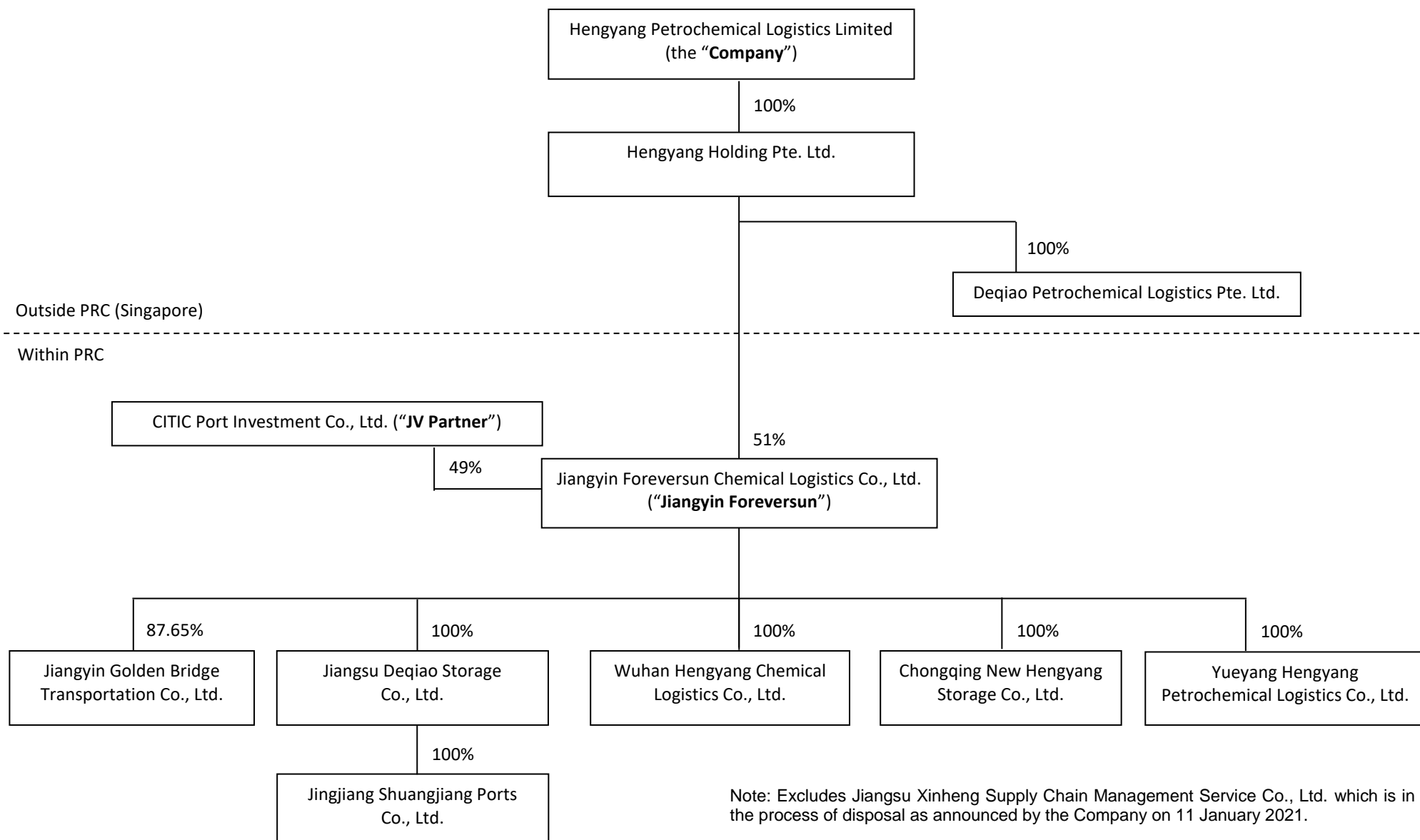
1 September 2021

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



**Appendix A – Corporate Structure of the Group immediately before the Disposal and the Transfer**



**Appendix B – Corporate Structure of the Group immediately after both the Disposal and the Transfer**

