HENGYANG PETROCHEMICAL LOGISTICS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200807923K)
(the "**Company**", and together with its subsidiaries, the "**Group**")

INTERESTED PERSON TRANSACTION – INCORPORATION OF JOINT VENTURE COMPANY

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1. INTRODUCTION

The board of directors ("**Board**") of the Company wishes to announce that its wholly-owned subsidiary, Jiangyin Foreversun Chemical Logistics Co., Ltd. ("**China Holdco**"), together with the Executive Chairman and Chief Executive Officer ("**CEO**") of the Company, Mr Gu Wen Long ("**Mr Gu**"), had on 10 April 2017 incorporated a joint venture company, Jiangsu Xinheng Supply Chain Management Services Co., Ltd. (the "**JV Co**") ("**Incorporation of the JV Co**"). The JV Co was incorporated with a registered capital of RMB20 million, with the China Holdco holding an equity interest of 85% and Mr Gu holding the remaining equity interest of 15% in the JV Co. According to the articles of association of the JV Co, its registered capital shall be contributed by 1 November 2032, where China Holdco, being JV Co's 85% equity holder, is obliged to contribute RMB17 million, which is intended to be funded by the Group's internal resources.

The JV Co's scope of business activity includes supply chain management, freight agent, cargo stowage, normal goods storage, sale of chemical products, information technology advisory services and business advisory services.

2. RATIONALE FOR THE INCORPORATION OF THE JV CO

The Company continually seeks opportunities for the development and growth of the Company's business and operations, and has incorporated the JV Co with a view to amongst other things, optimising its investment risk, improving the efficiency in the use of funds as well as exploring alternatives to increase the revenue of the Group. The Company will ensure that the necessary announcements are made as and when any material transactions are entered into by the JV Co.

3. THE INCORPORATION OF THE JV CO AS AN INTERESTED PERSON TRANSACTION

Mr Gu, Executive Chairman and CEO of the Company, is regarded as an "interested person" within the meaning of Chapter 9 of Section B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual ("**Catalist Rules**"). Accordingly, the Incorporation of the JV Co will be regarded as an interested person transaction ("**IPT**") and the requirements of Chapter 9 of the Catalist Rules are applicable.

Pursuant to Rule 916(2) of the Catalist Rules, an investment in a joint venture with an interested person is not required to comply with Rule 906 of the Catalist Rules if certain conditions are satisfied (including the audit committee forming a view on the risks and rewards of the joint venture as set out in paragraph 5 below). As the conditions in Rule 916(2) of the Catalist Rules are satisfied, the Incorporation of the JV Co is not subject to Shareholders' approval required under Rule 906 of the Catalist Rules.

4. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS

The current total value of all IPTs, excluding transactions which are less than S$100,000, with (a) Mr Gu; and (b) all interested persons of the Company, for the period from 1 January 2017 to the date of this announcement (prior to and immediately after the Incorporation of the JV Co), and the percentage of the Group's audited net tangible assets ("**NTA**") as at 31 December 2016 represented by such values, are as follows:

	Prior to the Incorporation of the JV Co		**Immediately after the Incorporation of the JV Co**	
	Amount (RMB'000)	**Percentage of audited NTA of the Group (%)**	**Amount (RMB'000)**	**Percentage of audited NTA of the Group (%)**
Total value of all transactions with Mr Gu	10,000	5.87%	27,000	15.85%
Total Value of all transactions with all interested persons of the Company	10,000	5.87%	27,000	15.85%

5. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, having considered the Incorporation of the JV Co, is of the view that the risks and rewards of the Incorporation of the JV Co are in proportion to the equity of each joint venture partner and the terms of the Incorporation of the JV Co are not prejudicial to the interests of the Company and its minority shareholders.

6. FINANCIAL EFFECTS OF THE INCORPORATION OF THE JV CO

The Incorporation of the JV Co is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2017.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Gu, none of the directors, controlling or substantial shareholders of the Company has any interest, direct or indirect, in the JV Co.

By Order of the Board

Mr Gu Wen Long
Executive Chairman and Chief Executive Officer
19 April 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.*

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