

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200807923K)

(the “**Company**”, and together with its subsidiaries, the “**Group**”)

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors of the Company (“**Board**”) refers to the announcement released by the Company on 1 March 2017 in relation to its unaudited full year financial results (“**Unaudited Results**”) for the financial year ended 31 December 2016 (“**FY2016**”).

Pursuant to Rule 704(5) of Section B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (“**Catalist Rules**”), the Board wishes to announce and clarify certain reclassifications and material differences to the unaudited consolidated financial statements for FY2016, following the finalisation of the audit. The clarification of the aforesaid reclassifications and differences are set out in Appendix A to this announcement.

The differences did not result in any changes to the consolidated statement of comprehensive income of the Group for FY2016.

By Order of the Board

Mr Gu Wen Long
Executive Chairman and Chief Executive Officer
12 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.*

The contact persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalist and Mr Ken Lee, Associate Director, Investment Banking. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

Appendix A

Consolidated Statement of Comprehensive Income

	Group			Notes
	FY2016 Unaudited RMB'000	FY2016 Audited RMB'000	Variance RMB'000	
Revenue	137,516	137,516	-	
Cost of sales	(119,731)	(119,731)	-	
Gross profit	17,785	17,785	-	
Other income	6,923	7,222	(299)	N1
Administrative expenses	(102,837)	(103,136)	299	N2
Finance costs	(16,451)	(16,451)	-	
Profit/(loss) from operations	(94,580)	(94,580)	-	
Other expenses				
Profit/(loss) before income tax	(94,580)	(94,580)	-	
Income tax expense	(6,874)	(6,874)	-	
Net profit/(loss) for the period	(101,454)	(101,454)	-	
Profit/(Loss) attributable to:				
Owners of the parent	(67,801)	(67,801)	-	
Non-controlling interests	(33,653)	(33,653)	-	
	(101,454)	(101,454)	-	

Note 1: Difference due to reclassification of loss on disposal of plant and equipment from other income to administrative expenses.

Note 2: Difference due to reclassification of loss on disposal of plant and equipment from other income to administrative expenses.

Statements of Financial Position

	Group			Notes
	FY2016 Unaudited RMB'000	FY2016 Audited RMB'000	Variance RMB'000	
Non-current assets				
Property, plant and equipment	1,438,569	1,438,570	(1)	
Land use rights	257,330	257,329	1	
	1,695,899	1,695,899	-	
Current assets				
Trade and other receivables	56,598	56,598	-	
Amount owing by related parties	2,046	2,046	-	
Cash and cash equivalents	10,949	10,949	-	
	69,593	69,593	-	
Less:				
Current liabilities				
Trade and other payables	283,270	283,270	-	
Amount owing to related parties	62,215	62,215	-	
Amount owing to directors subsidiary	13,133 4,502	13,133 4,502	- -	
Bank and other borrowings	416,180	596,180	(180,000)	N3
Current income tax payable	6,141	6,141	-	
	785,441	965,441	(180,000)	
Net current liabilities	(715,848)	(895,848)	180,000	
Less:				
Non-current liabilities				
Amount owing to a related party	93,050	93,050	-	
Amount owing to a director	11,143	11,143	-	
Bank borrowings	323,460	143,460	180,000	N4
Deferred revenue	-	-	-	
Deferred tax liabilities	18,418	18,418	-	
	446,071	266,071	180,000	
Net assets	533,980	533,980		
Equity				
Share capital	289,064	289,064	-	
Statutory common reserve	14,935	14,935	-	
Foreign currency translation account	(270)	(270)	-	
Other reserve	84,113	84,113	-	
Retained earnings/(Accumulated losses)	(50,222)	(50,222)	-	
Equity attributable to owners of the parent	337,620	337,620	-	
Non-controlling interests	196,360	196,360	-	
Total equity	533,980	533,980	-	

Note 3: Reclassification from non-current liability to current liability due to breach in financial covenants of the Group's loan which the financial institution could therefore demand immediate repayment of the loan.

Note 4: Reclassification from non-current liability to current liability due to breach in financial covenants of the Group's loan which the financial institution could therefore demand immediate repayment of the loan.

Consolidated Statement of Cash Flows

	Group			Notes
	FY2016 Unaudited RMB'000	FY2016 Audited RMB'000	Variance RMB'000	
Operating activities				
Loss before income tax	(94,580)	(94,580)	-	
Adjustments for:			-	
Depreciation of property, plant and equipment	39,675	39,675	-	
Amortisation of land use rights	1,137	1,987	(850)	N5
Loss/(Gain) on disposal of property, plant and equipment	299	165	134	N6
Loss on property, plant and equipment written off	11,072	11,072	-	
Interest income	(364)	(364)	-	
Interest expense	16,451	16,451	-	
Unrealised foreign exchange loss (gain), net	-	(35)	35	N7
Operating cash flows before working capital changes	(26,310)	(25,629)	(681)	
Working capital changes:			-	
Trade and other receivables (including related parties)	6,532	14,731	(8,199)	N8
Trade and other payables (including directors and related parties)	(2,824)	141	(2,965)	N9
Cash (absorbed by)/generated from operations	(22,602)	(10,757)	(11,845)	
Interest paid	(12,966)	(12,966)	-	
Income tax paid	(897)	(897)	-	
Net cash (used in)/from operating activities	(36,465)	(24,620)	(11,845)	
Investing activities			-	
Acquisition of property, plant and equipment	(8,695)	(25,793)	17,098	N10
Refund of downpayment to purchase land use rights	30,000	30,000	-	
Proceeds from disposal of property, plant and equipment	214	214	-	
Interest paid and capitalised	(42,407)	(28,952)	(13,455)	N11
Interest received	364	364	-	
Downpayment paid to purchase land use rights	-	(8,200)	8,200	N12
Net cash used in investing activities	(20,524)	(32,367)	11,843	
Financing activities			-	
Proceeds from borrowings	112,107	112,107	-	
Repayment of borrowings	(85,778)	(85,778)	-	
Fixed deposits pledged with financial institutions	41,726	41,726	-	
Amount owing to related parties	(7,183)	(7,183)	-	
Dividends paid to non-controlling interests	(225)	(225)	-	
Net cash generated from/(used in) financing activities	60,647	60,647	-	
Net change in cash and cash equivalents	3,658	3,660	(2)	
Cash and cash equivalents at beginning of the financial year	7,291	7,291	-	
Effect of exchange rate changes on cash and cash equivalents	-	(2)	2	N13
Cash and cash equivalents at end of the financial year	10,949	10,949	-	

Note 5: Due to reclassification of amortisation of land use rights previously included in acquisition of property, plant and equipment.

Note 6: Due to reclassification of loss on disposal of plant and equipment previously included in acquisition of property, plant and equipment.

Note 7: Due to unrealised forex of the group's monetary assets and liabilities now separately disclosed.

Note 8: Due to down payment for land use right previously included in trade and other receivables.

Note 9: Due to acquisition of property, plant and equipment which remain unpaid to suppliers previously included in acquisition of property, plant and equipment.

Note 10: Mainly due to reclassification of acquisition of PPE which was previously wrongly included as interest paid and capitalized.

Note 11: Due to reduction of over recorded capitalisation of interest.

Note 12: Due to down payment for land use right previously included in trade and other receivables.

Note 13: Unrealised losses arising from changes in foreign currency cash and cash equivalents previously not separately disclosed.