



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER (“9M”) 2023

The following information are prepared in accordance with Appendix 7C Financial Statements and Dividend Announcement of the Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), cross-referenced from Catalist Rule 704(10) and Catalist Rule 705.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group does not generate any revenue. For most of FY2022, the Group had 49% equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (“China Holdco”) through its wholly-owned subsidiary, Hengyang Holding Pte Ltd (“HHPL”). The remaining shareholders of China Holdco are Sinopec Chemical Sales Company Limited (“Sinopec Chemical”) and CITIC Port Investment Co., Ltd. (“CITIC Port”) which held the remaining 49% and 2% equity interest in China Holdco respectively for most of FY2022.

As announced by the Company on 13 July 2022, 5 September 2022, 12 September 2022 and 20 January 2023 (the “Registered Capital Announcements”), China Holdco completed the increase in its registered capital on 20 January 2023 resulting in the Group’s shareholding in China Holdco decreasing from 49.0% to 41.64%. Shareholders may refer to the Registered Capital Announcements as well as the Company’s circular to its shareholders dated 19 August 2022 for further details relating to the increase in the registered capital of China Holdco. Following the completion of the increase in the registered capital of China Holdco, the remaining shareholders of China Holdco are Sinopec Chemical (holding 49.16%), CITIC Port (holding 1.68%) and Jiangyin Golden Bridge Chemical Co., Ltd (“Jinqiao Chemical”, holding 7.52%).

Accordingly, the financial statements presented herein have been prepared using the equity method of accounting in respect of the 41.64% interest in China Holdco held by the Company and its subsidiaries (collectively, the “Group”) as at 30 June 2023 and such interest has been accounted for as an investment under “Investment in Joint Venture” on the Group’s balance sheets.

Condensed interim consolidated statement of profit or loss and other comprehensive income

RMB'000	Note	Group		
		9M2023 (Unaudited)	9M2022 (Unaudited)	% (+/-)
Other income	N6.1	1	394	(99.7)
Administrative and other expenses		(2,972)	(2,597)	14.4
Interest expense		(1)	(3)	(66.7)
Share of result of joint venture	N7	(18,154)	5,799	(413.1)
(Loss)/Profit before tax	N6	(21,126)	3,593	(688.0)
Income tax expense		-	-	-
Net (loss)/Profit for the financial period		(21,126)	3,593	(688.0)
Total comprehensive loss attributable to owners of the Company		(21,126)	3,593	(688.0)
(Loss)/Profit per Share (“LPS”/“EPS”) (RMB cents):				
Basic	6	(10.38)	1.77	
Diluted	6	(10.38)	1.77	

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The Group's interest in China Holdco represents its entire business and operations, all of which are carried out in the People's Republic of China (the "PRC"). Where appropriate, certain financial information relating to China Holdco and its subsidiaries (the "China Holdco Group") has been included herein purely for the purpose of understanding the underlying financial performance of the Group.

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year: (A) Investment income; (B) Other income including interest income; (C) Interest on borrowings; (D) Depreciation and amortisation; (E) Allowance for doubtful debts and bad debts written off; (F) Write-off for stock obsolescence; (G) Impairment in value of investments; (H) Foreign exchange gain/loss (where applicable); (I) Adjustments for under or overprovision of tax in respect of prior years; and (J) Profit or loss on sale of investments, properties, and/or plant and equipment

Please refer to N6.

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

Condensed interim statements of financial position

	Note	Group		Company	
		30.09.2023 (Unaudited)	31.12.2022 (Audited)	30.09.2023 (Unaudited)	31.12.2022 (Audited)
RMB'000					
Non-current assets					
Investments in a subsidiary		-	-	303,472	303,472
Investment in joint venture	N7	526,734	536,272	-	-
Right of use asset		8	49	-	-
		526,742	536,321	303,472	303,472
Current assets					
Other receivables		15	15	-	-
Amount owing by related parties		37	196	6	6
Amount owing by a subsidiary		-	-	7,845	8,465
Cash and cash equivalents		26,126	37,410	2,054	3,844
		26,178	37,621	9,905	12,315
Less:					
Current liabilities					
Other payables		927	1,186	506	792
Amount owing to directors		1,265	831	1,265	831
Amount owing to a subsidiary		-	-	31,559	31,100
Current income tax payable		-	28	-	-
Lease liability	N8	9	52	-	-
		2,201	2,097	33,330	32,723
Net current assets/(liabilities)		23,977	35,524	(23,425)	(20,408)
Less:					
Non-current liability		-	-	-	-
Net assets		550,719	571,845	280,047	283,064

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	Note	Group		Company	
		30.09.2023	31.12.2022	30.09.2023	31.12.2022
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
RMB'000					
Equity					
Share capital	1(d)(i)	289,064	289,064	289,064	289,064
Other reserve		83,004	83,004	-	-
Retained earnings		178,651	199,777	(9,179)	(6,000)
Equity attributable to owners of the Company		550,719	571,845	279,885	283,064
Total equity		550,719	571,845	279,885	283,064

1(b)(ii) Aggregate amount of Group's borrowings and debts security.

Amount repayable in one year or less, or on demand

As at 30 September 2023		As at 31 December 2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Amount repayable after one year

As at 30 September 2023		As at 31 December 2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

Nil

Note: The borrowings which exist in the China Holdco Group and the assets and liabilities of the China Holdco Group are not consolidated in the Group's financial statements.

Contingent liabilities

As at 30 September 2023, the Group and its joint venture partners had given guarantees amounting up to RMB291,090,000 (31 December 2022: RMB291,090,000) to certain lenders in respect of borrowings of the China Holdco Group.

At 30 September 2023, the total amount of borrowings covered by the guarantees is RMB232,363,000 (31 December 2022: RMB249,278,000). Such financial guarantees require the Group to reimburse the lenders if the China Holdco Group fails to make principal or interest repayments when due in accordance with the terms of the respective borrowings.

As at 30 September 2023, the current liabilities of the China Holdco Group exceeded its current assets by RMB371,257,000 (31 December 2022: RMB340,389,000). As at 30 September 2023, the China Holdco Group had RMB263,923,000 of borrowings which are due for repayment within the next 12 months from the reporting date, of which RMB33,830,000 were guaranteed by the Group.

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There was no default or non-repayment since the inception of these borrowings. The Company's directors are confident that the outcome of negotiations with the lenders in relation to the borrowings will be favourable and additional conditions, if any, will be fulfilled to avoid any breach of covenants of the borrowings. Furthermore, China Holdco Group's borrowings are secured over mortgages against fixed assets of China Holdco Group. As at 30 September 2023, the carrying amount of the China Holdco Group's fixed assets are substantially larger than the carrying amount of the outstanding borrowings. Based on the Company's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of cash flows

	Group	
	9M2023 (Unaudited)	9M2022 (Unaudited)
RMB'000		
Operating activities		
(Loss)/Profit before income tax	(21,126)	3,593
Adjustments for:		
Amortisation of right of use assets	41	38
Share of result of joint venture	18,154	(5,799)
Interest income	(1)	(360)
Interest expense	4	3
Operating cash flows before working capital changes	(2,928)	(2,525)
Other receivables (including related parties)	159	69
Other payables (including directors and related parties)	175	464
Cash used in operations	(2,594)	(1,992)
Income tax paid	(28)	-
Net cash used in operating activities	(2,622)	(1,992)
Investing activities		
Capital contribution to investment in joint venture	(8,616)	-
Interest received	1	360
Net cash (used in)/ generated from investing activities	(8,615)	360
Financing activities		
Principal element of lease payments	(43)	(37)
Interest expense	(4)	(3)
Net cash used in financing activities	(47)	(40)
Net change in cash and cash equivalents	(11,284)	(1,672)
Cash and cash equivalents at the beginning of the financial period	37,410	40,990
Cash and cash equivalents at end of the financial period	26,126	39,318

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed Interim Statement of Changes in Equity

The Company

RMB'000	Share capital	Retained earnings	Total equity
(Unaudited)			
Balance as at 1 January 2023	289,064	(6,000)	283,064
Total comprehensive loss for the period	-	(3,179)	(3,179)
Balance as at 30 September 2023	289,064	(9,179)	279,885
(Unaudited)			
Balance as at 1 January 2022	289,064	308	289,372
Total comprehensive loss for the period	-	(4,042)	(4,042)
Balance as at 30 September 2022	289,064	(3,734)	285,330

The Group

RMB'000	Attributable to owners of the Company				Total equity
	Share capital	Other reserve	Retained earnings	Equity attributable to owners of the Company	
(Unaudited)					
Balance as at 1 January 2023	289,064	83,004	199,777	571,845	571,845
Total comprehensive loss for the period	-	-	(21,126)	(21,126)	(21,126)
Balance as at 30 September 2023	289,064	83,004	178,651	550,719	550,719
(Unaudited)					
Balance as at 1 January 2022	289,064	83,004	180,854	552,922	552,922
Total comprehensive profit for the period	-	-	3,593	3,593	3,593
Balance as at 30 September 2022	289,064	83,004	184,447	556,515	556,515

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles, treasury shares or subsidiary holdings held as at 31 December 2022 and 30 September 2023.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.09.2023	31.12.2022
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company did not have any treasury shares as at 30 September 2023 and 31 December 2022.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company did not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not have any subsidiary holdings.

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NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

N1. 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 10 Anson Road, #25-06 International Plaza, Singapore 079903.

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, PRC 214446. The Company is listed on the Catalist Board of the SGX-ST.

The principal activity of the Company is that of investment holding. The principal activities of its principal operating entity is set out in Note N7 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.

N2. Basis of Preparation

The condensed interim consolidated financial statements for the financial period ended 30 September 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for FY2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in N2.1 below.

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 (“**functional currency**”). The condensed interim 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.

N2.1 New and amended standards adopted by the Group

The Group adopted Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies for the first time in 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of “material”, rather than “significant” accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

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N2.2. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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.

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.

Joint control

As at 30 September 2023, the Group (through HHPL), Sinopec Chemical, CITIC Port and Jinqiao Chemical respectively hold 41.64%, 49.16%, 1.68% and 7.52% of the equity interest in China Holdco.

Management has carried out an assessment to determine whether the Group continues to have joint control over China Holdco. The assessment included review of unanimous consent from the three joint venture partners for certain 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 China Holdco as a joint venture of the Company (N7).

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 current financial year, are discussed below.

Impairment of investment in joint venture

The Group conducts impairment test annually and had carried out a review of the investment in joint venture for FY2022. The Group will review its investment in the joint venture at the end of the current financial year. The Group's carrying amount of investment in joint venture as at 30 September 2023 was RMB526,734,000 (31 December 2022: RMB536,272,000).

N3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period/year.

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N4. Segment and revenue information

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

N5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2023 and 31 December 2022:

RMB'000	Group		Company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Financial assets				
Other receivables	15	15	-	-
Amount owing by related parties	37	196	6	6
Amount owing by a subsidiary	-	-	9,538	8,465
Cash and cash equivalents	26,126	37,410	2,054	3,844
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Financial liabilities				
Other payables	927	1,186	506	792
Amount owing to directors	1,265	831	1,265	831
Amount owing to a subsidiary	-	-	31,559	31,100
Lease liability	9	52	-	-
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N6. Loss before income tax

N6.1 Significant items

RMB'000	Group	
	9M2023	9M2022
Other income		
Interest income from bank deposits	1	360
Government grant	-	34
	1	394
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Expenses		
Amortisation of right-of-use asset	41	38
Professional fees	491	653
Employee benefit costs (inclusive of directors' fees)	2,113	1,856

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N6.2. Related party transactions

During 9M2023, in addition to the information disclosed elsewhere in these interim financial statements, the Group's joint venture entered into the following transactions with related parties at rates and terms agreed between the parties:

RMB'000	Group	
	9M2023	9M2022
By joint venture		
<i>Sales to related parties</i>	56,467	46,355
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	13,097	13,068
– Jiangyin Golden Bridge Trade Co., Ltd. (b)	191	269
– Sinopec Chemical Sales Company Limited (c)	43,179	33,018
<i>Interest expense charged by related parties</i>	-	4,781
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	-	4,218
– Gu Wen Long (d)	-	563

- (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 is a joint venture partner of China Holdco.
- (d) The Group has repaid the full amount owing to Mr Gu Wen Long in December 2022.

N7. Investment in joint venture

RMB'000	Group	
	30.09.2023	31.12.2022
Unquoted equity investment, at cost	617,100	617,100
Capital increase	8,616	-
Share of result of joint venture, net of tax	(98,982)	(80,828)
	<u>526,734</u>	<u>536,272</u>

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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	
		30 September 2023	31 December 2022
		%	%
Held by Hengyang Holding Pte. Ltd.			
Jiangyin Foreversun Chemical Logistics Co., Ltd. (PRC)	Storage, dispatch, drumming and land transportation of liquid petrochemical products and management of ports terminals	41.64	49

The financial year end of the China Holdco is 31 December.

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 paragraph 1(b)(ii) of this announcement.

N7.1 Impairment assessment of investment in a joint venture

As set out in Note N2.2, a review of the impairment assessment of investment shall be carried out at the end of the year, as such there is no impairment on the investment in joint venture for 9M2023.

N7.2 Significant restrictions

As at 30 September 2023, cash and bank balances of approximately RMB103,905,000 (31 December 2022: RMB153,225,000) held by the joint venture in the PRC are subject to local exchange control regulations. The conversion of these RMB denominated balances into foreign currencies is subject to the foreign exchange rules and regulations promulgated by the PRC government.

N7.3 Summarised financial information

Summarised financial information in respect of the China Holdco Group and reconciliation with the carrying amount of the investment in the condensed interim consolidated financial statements are as follows:

Summarised condensed interim consolidated statement of financial position of China Holdco Group

	China Holdco Group	
RMB'000	30.09.2023	31.12.2022
Current assets	219,037	236,898
Non-current assets	4,155,099	3,665,574
Current liabilities	(590,295)	(577,287)
Non-current liabilities	(2,578,849)	(2,112,626)
	<u>(2,578,849)</u>	<u>(2,112,626)</u>

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	China Holdco Group	
RMB'000	30.09.2023	31.12.2022
Net asset	1,204,992	1,212,559

Note: The non-current assets include the non-current assets of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工有限公司 (江阴) 有限公司) as well as the goodwill on the acquisition of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工有限公司 (江阴) 有限公司) which was completed on 30 June 2023. The goodwill, which will be determined based on the difference between the purchase consideration and the net asset value of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工有限公司 (江阴) 有限公司) attributable to the China Holdco Group, is subject to a purchase price allocation exercise to be undertaken by the China Holdco Group for the purposes of the reporting of the results of the full financial year ending 31 December 2023.

The above amounts of assets and liabilities include the following:

	China Holdco Group	
RMB'000	30.09.2023	31.12.2022
Cash and cash equivalents	103,905	153,225
Current financial liabilities (excluding trade and other payables and current income tax payable)	(270,839)	(347,957)
Non-current financial liabilities (excluding trade and other payables and deferred income tax payable)	(2,516,466)	(2,069,210)

Condensed interim consolidated statement of profit or loss and other comprehensive income of China Holdco Group

RMB'000	9M2023	9M2022	VAR	%
	(Unaudited)	(Unaudited)		(+/-)
Revenue⁽¹⁾	343,071	296,226	46,845	15.81
Cost of sales	(243,778)	(214,700)	29,078	13.54
Gross profit	99,293	81,526	17,767	21.79
Other income ⁽²⁾	6,345	27,498	(21,153)	(76.93)
Administrative and other expenses ⁽³⁾	(63,884)	(47,930)	15,954	33.29
Finance costs ⁽⁴⁾	(86,721)	(47,659)	39,062	81.96
Loss before tax from operation	(44,967)	13,435	58,402	(434.70)
Income tax expense	(5,716)	(674)	5,042	748.07
Loss for the financial period	(50,683)	12,761	(63,444)	(497.17)
Non-controlling interest	(10,272)	(2,484)	(7,788)	313.53
Owners of China Holdco	(40,411)	15,245	(55,656)	(365.08)
Share proportion of Company in China Holdco ⁽⁵⁾	41.64%	49.00%	-7.36%	-
Share of result of China Holdco	(16,827)	7,470	(24,297)	(325.26)
Depreciation and amortisation on fair value adjustment ⁽⁶⁾	(1,327)	(1,671)	(345)	(20.65)
Share of result of joint venture	(18,154)	5,799	(23,953)	(413.06)

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Notes:

- (1) Revenue from transportation segment decreased by RMB35.94 million or 55.42%, from RMB64.85 million in 9M2022 to RMB28.91 million in 9M2023, as the China Holdco Group diverted its resources and ceased to service the loss-making transportation routes.

Revenue from storage service segment increased by RMB82.78 million or 35.77%, from RMB231.38 million in 9M2022 to RMB314.16 million in 9M2023, mainly due to the following:

- (a) an decrease in revenue of RMB3.88 million from Jiangyin Foreversun Logistics Co., Ltd, attributed by a lower utilisation rate of its tanks' capacity due to reduce of import chemicals;
- (b) an increase in revenue of RMB4.13 million from Deqiao Logistics Co., Ltd., ("**Deqiao**") as well as an increase in revenue of RMB5.93 million from Yueyang Hengyang Petrochemical Logistics Co., Ltd and an increase in revenue of RMB6.66 million from Wuhan Hengyang Petrochemical Logistics Co., Ltd. These increases were attributed to new products and new customers which brought about higher utilization rate of the tanks;
- (c) an increase in revenue of RMB21.13 million from Chongqing New Hengyang Logistics Co., Ltd., ("**Chongqing New Hengyang**") attributed by commencement of operation of the new storage tanks;
- (d) on consolidation of the results of Tianjin Hengyang Petrochemical Logistics Co., Ltd ("**Tianjin Hengyang**", formerly known as Odfjell Nangang Terminals (Tianjin) Co., Ltd. subsequent to completion of an aggregate of 70% interest by China Holdco in September 2022), an increase in revenue of RMB42.19 million from Tianjin Hengyang.
- (e) on consolidation of the results of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司) subsequent to completion of 94.8033% and 100% interest respectively by China Holdco in June 2023, an increase in revenue of RMB6.62 million from Nanrong project.
- (2) Other income decreased by RMB21.15 million or 76.93%, mainly due to one-off income of RMB22.27 million contributed by the negative goodwill in relation to the acquisition of Odfjell Nangang Terminals (Tianjin) Co., Ltd. in September 2022.
- (3) Administrative and other expenses increased by RMB15.95 million or 33.29%, mainly due to consolidation of RMB7.71 million expenses brought about with the consolidation of the results of Tianjin Hengyang and increase in manpower costs.
- (4) Finance costs increased by RMB39.06 million or 81.96%, mainly due to consolidation of RMB31.14 million finance costs of Tianjin Hengyang and finance cost of Chongqing New Hengyang due to new tank operation from December 2022.
- (5) The dilution in percentage interest of the Group in China Holdco was due to the increase in the registered capital of China Holdco. Please refer to the Registered Capital Announcements made on 13 July 2022, 5 September 2022, 12 September 2022 and 20 January 2023 as well as the Company's circular to its shareholders dated 19 August 2022 for further details.
- (6) Fair value adjustment arose from the initial recognition in May 2017 from fair value adjustment on property, plant and equipment and land use rights of the joint venture, and amortised over the useful life of these assets of the joint venture.

N7.4 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:

	Group	
RMB'000	30.09.2023	31.12.2022
Proportion of Group ownership	41.64%	41.36%
Share of net assets of the joint venture	448,511	457,812

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RMB'000	Group	
	30.09.2023	31.12.2022
Fair value adjustment on plant and equipment and land use rights	53,879	53,517
Cumulative depreciation and amortisation on fair value adjustment	(11,721)	(10,395)
Non-controlling interest	(14,284)	(14,689)
Interest in joint venture	476,385	486,245
Goodwill	50,349	50,027
Carrying value of Group's interest in joint venture	526,734	536,272

N8. Lease liability

RMB'000	Group	
	30.09.2023	31.12.2022
Balance as at 1 January	52	103
Interest expense	1	4
Addition	-	-
Lease payments		
- Principal portion	43	51
- Interest portion	1	4
	44	55
Balance as at the end of the period	9	52

The maturity analysis of lease liability of the Group is as follows:

RMB'000	30.09.2023	31.12.2022
Contractual undiscounted cash flows		
- Not later than a year	10	53
	10	53
Less: Future interest expense	(1)	(1)
Present value of lease liability	9	52
Presented in statement of financial position		
- Current	9	52
	9	52

The Group leases an office premise in Singapore with fixed payments over the lease terms and the incremental borrowing rate applied was 5.25% (FY2022: 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 dollars.

N9. Subsequent events

There are no known subsequent events which led to adjustments to this set of condensed interim consolidated financial statements.

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- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable as the figures have not been audited or reviewed by the auditors.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Company's financial statements are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

- 4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited financial statements have been applied.**

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore). The accounting policies and computation methods adopted in the financial statements for the nine months ended 30 September 2023 are the same as those adopted in the Company's most recently audited financial statements.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to N2.

- 6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	9M2023 Unaudited	9M2022 Unaudited
Weighted average number of ordinary shares used in computation of basic LPS/EPS	203,461,883	203,461,883
Basic and diluted (LPS)/EPS (RMB cents)	(10.38)	1.77

Notes:

- (a) Basic LPS/EPS is calculated by dividing the net loss for the financial period attributable to owners of the Company by the actual number of ordinary shares in issue during the financial period.
- (b) Diluted LPS/EPS is the same as the basic LPS/EPS as the Group did not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial period.

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7. **Net assets value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) Current financial period reported on and (b) Immediately preceding financial year.**

	Group		Company	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
	Unaudited	Audited	Unaudited	Audited
Net asset value per ordinary share (RMB cents)	270.7	281.1	137.6	139.1

8. **A review of the performance of the group to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Condensed interim consolidated statement of comprehensive income of the Group

The following review is on the performance of the Group. Review on the performance of the China Holdco Group can be found in paragraph N7.3 of this announcement.

The Group's other income decreased by RMB393,000 or 99.75% from RMB394,000 in 9M2022 to RMB1,000 in 9M2023. This was mainly due to Group's interest income decreased from RMB360,000 in 9M2022 to RMB1,000 in 9M2023 as a result of the reduced cash balance within the Group.

Administrative and other expenses increased by RMB375,000 or 14.44% from RMB2.59 million in 9M2022 to RMB2.97 million in 9M2023 mainly due to RMB257,000 increase of employee benefits costs and directors' fee.

Share of result of joint venture relates to the Company's 41.64% interest in the China Holdco Group. The interest of the Company in the joint venture changed from 49% to 41.64% due to the share capital increase in China Holdco completed in January 2023. Share of result of joint venture increased from a loss of RMB5.79 million in 9M2022 to a loss of RMB18.15 million in 9M2023. Please refer to paragraph N7.3 for review of the China Holdco Group's financial performance.

Condensed interim consolidated statement of financial position of the Group

Non-current assets comprise the Group's investment in joint venture which relates to its interest in the China Holdco Group and right-of-use asset. Investment in joint venture decreased by RMB9.54 million from RMB536.27 million as at 31 December 2022 to RMB526.73 million as at 30 September 2023, mainly due to capital increase of RMB8.61 million offset by share of loss of RMB18.15 million on China Holdco Group in 9M2023.

Current assets comprise cash and cash equivalents, amount owing by related parties, other receivables and interest income receivables. Current assets decreased by RMB11.45 million from RMB37.62 million as at 31 December 2022 to RMB26.17 million as at 30 September 2023, mainly due to a decrease in cash and cash equivalents. Cash and cash equivalents decreased by RMB11.29 million from RMB37.41 million as at 31 December 2022 to RMB26.12 million as at 30 September 2023 due to capital injection to China Holdco of RMB8.61 million and utilisation of the Group's cash in operating activities as set out in the cash flow statements.

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Current liabilities comprise mainly other payables, amount owing to directors, lease liability and current income tax payable. Current liabilities increased by RMB104,000 from RMB2.1 million as at 31 December 2022 to RMB2.2 million as at 30 September 2023, mainly due to foreign exchange.

Condensed interim consolidated statement of cash flows of the Group

The Group recorded cash and cash equivalents of RMB26.12 million as at 30 September 2023, of which RMB8.94 million was deposit pledged as compared to RMB37.41 million as at 31 December 2022, a decrease of RMB11.29 million due to capital injection to China Holdco of RMB8.61 million and utilisation of the Group's cash in operating activities as set out in the cash flow statements.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The PRC's GDP grew by 5.2% in 9M2023 which is significantly higher than the 3% growth rate for GDP in 9M2022 but slower than the 6.3% growth rate in the second quarter of 2023.

The China Holdco Group is seeking to expand its operations along Yangtze River and nearby coastal area of Tianjin to take advantage of the Group's business connection and expertise. According to the PRC's 14th five-year (2021 – 2025) plans, the PRC government will more comprehensively promote the development of the Yangtze River Economic Belt with focus on the construction of the Yangtze River's main artery, creating a comprehensive transportation system along the Yangtze River. The China Holdco Group intends to leverage on its strategic locations to consolidate its business operations along Yangtze River.

The Chongqing project has received the regulatory approval in December 2022 and formally commenced operations. The Group will continue its efforts to increase the overall utilisation rate of the Deqiao, Chongqing and Tianjin facilities to improve its performance. The completion of acquisition of 94.8033% of the equity interest in Nanrong Petrochemical Co., Ltd. and 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. is expected to contribute positively to the Group's revenue.

As the PRC fully reopens its borders for international travel, the economic growth of the PRC is expected to accelerate in 2023. Nevertheless, as at the date of this announcement, the domestic and global economic and political environments including the continuing Russian-Ukrainian War, the eruption of Israel-Hamas conflict, the unsettled Sino-US trade and political disputes, are still highly uncertain and unpredictable, therefore, the Company is unable to assess the impacts to the China Holdco Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for 9M2023.

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(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended for 9M2022.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable

(d) Date payable

Not applicable

(e) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for that decision

The Board has decided not to recommend any dividend because China Holdco Group registered a loss for 9M2023 and did not declare or pay dividend for 9M2023. As such, the Company could not pay a meaningful amount of dividend without depleting its cash resources.

13. Interested Person Transactions (“IPT”)

If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	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	RMB'000
Provision of petrochemical storage services and land transport services			
- Jinqiao Chemical	Note (1)	-	13,097
- Jinqiao Trade	Note (2)	-	191

Notes:

- (1) Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of Mr Gu Wen Long who is the Chairman and Chief Executive Officer and Controlling Shareholder of the Company.

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- (2) Jiangyin 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.

14. Confirmation pursuant to Catalyst Rule 705(5)

We, Gu Wen Long and Diong Tai Pew, being directors of the Company ("**Directors**"), hereby confirm on behalf of the Board of Directors that, to the best of the Directors' knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements of the Group for 9M2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

GU WEN LONG
Chief Executive Officer

DIONG TAI PEW
Lead Independent Director (AC Chairman)

15. Confirmation pursuant to Catalyst Rule 720(1)

The Board of Directors hereby confirms that the undertakings under Catalyst Rule 720(1) have been obtained from all the directors and executive officers as required in the format set out in Appendix 7H of the Catalyst Rules.

16. Acquisition or sale of shares in subsidiaries and/or associated companies under Catalyst Rule 706(A)

On 24 February 2023, the Company announced that China Holdco had entered into an equity transfer agreement with Jiangsu Sunshine Shareholding Group Co., Ltd., in respect of the acquisition of (A) 94.8033% of the equity interest in Nanrong Petrochemical Co., Ltd. and (B) 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin) Co., Ltd for consideration of RMB600 million (equivalent to approximately S\$116.54 million) (the "**Proposed Acquisition**").

The consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, among other things: (a) the valuation report which had valued 100% equity interest in both of Nanrong Petrochemical Co., Ltd. and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd had a collective valuation of approximately RMB417.8 million (equivalent to approximately S\$81.15 million); (b) the prospects of the Target and the rationale and benefits to the Group for the acquisition.

Please refer to the Company's circular to its Shareholders dated 6 March 2023 for further details of the Proposed Acquisition.

On 30 June 2023, the Company announced that the Proposed Acquisition has taken place on the same day ("**Completion**"). Please refer to the Company's announcement dated 30 June 2023 for more information. Following Completion, Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司) became a 94.8033%-owned and 100%-owned subsidiary of the China Holdco respectively. As of the date of Completion, the net asset value of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司) amounted to RMB229.98 million, of which RMB221.08 million attributable to China Holdco. As the total consideration for the Proposed Acquisition was higher than the net asset value of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司), the China Holdco Group will recognise goodwill from the Proposed Acquisition. The China Holdco Group will be undertaking a purchase price allocation exercise to determine the goodwill and assess its impairment for the purposes of the reporting of the results of the full financial year ending 31 December 2023. Accordingly, the carrying amount of the Group's investment in the China Holdco will be adjusted as appropriate following the completion of the abovementioned purchase price allocation exercise.

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Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group announced during 9M2023 which is required to be reported under Rule 706(A) of the Catalist Rules.

BY ORDER OF THE BOARD

GU WEN LONG
Director and Chief Executive Officer
November 10, 2023

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