



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 operations of Hengyang Petrochemical Logistics Limited (the “Company”) and its subsidiaries (the “Group”) are principally conducted in People’s Republic of China (“PRC”). Accordingly, the consolidated financial statements have been prepared in the Chinese Renminbi (“RMB”), being the functional currency of the Group.

As announced on 22 May 2017, the Group has completed the transfer of 49% of the equity interest of PRC wholly-owned subsidiary, Jiangyin Foreversun Chemical Logistics Co Ltd (the “China Holdco”) to Citic Port Investment Co., Ltd. (“CITIC Port”).

As a result, the Group loses its practicable ability to direct the relevant activities of this subsidiary and has derecognized the assets and liabilities of China Holdco from the Group’s consolidated financial statements. That is, the assets and liabilities of China Holdco are no longer consolidated in the Group financial statements. Subsequently, the Group has applied the equity method of accounting for the remaining 51% interests in China Holdco as an investment under “Investment in Joint Venture”.

The financial statements being presented reflect the equity method of accounting for the remaining 51% interests in China Holdco as an investment under “Investment in Joint Venture”.

The Group’s effective interest in China Holdco is 33.15%.

China Holdco effectively controls our entire PRC business and operations (collectively, the China Holdco and its subsidiaries are defined as “the China Holdco Group”).

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	Group		
	1H2017 RMB'000	1H2016 Restated RMB'000	% (+/-)
Continuing operation:			
Revenue	-	-	nm
Cost of sales	-	-	nm
Gross profit	-	-	nm
Other income	-	600	(100.0)
Administrative and other expenses	(4,218)	(1,716)	145.8
Finance costs	-	-	nm
Share of joint venture profit	97	-	nm
Profit/(loss) before tax from continuing operation	(4,121)	(1,116)	269.3
Income tax expense	(22)	-	nm
Profit/(loss) from continuing operations	(4,143)	(1,116)	271.2
Discontinued operation:			
Profit/(loss) from discontinued operations	219,662	(8,836)	(2,586.0)
Net profit/(loss) for the period	215,519	(9,952)	2,265.6
Profit/(Loss) attributable to:			
Owners of the parent			
Profit/(loss) from continuing operation	(4,353)	(1,877)	131.9
Profit/(loss) from discontinued operation	142,780	(5,858)	2,537.4
Profit/(loss) for the period to owners of the company	138,427	(7,735)	1,889.6
Non-controlling interests			
Profit/(loss) from continuing operation	210	761	(72.4)
Profit/(loss) from discontinued operation	76,882	(2,978)	(2,681.5)
Profit/(loss) for the period attributable to non-controlling interests	77,092	(2,217)	3,577.4
	215,519	(9,952)	2,265.6
Total comprehensive income/(loss) attributable to:			
Owners of the parent	138,427	(7,735)	1,889.6
Non-controlling interests	77,092	(2,217)	3,577.4
	215,519	(9,952)	2,265.6

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The results of the discontinued operations of China Holdco Group are as follows:

	RMB'000	RMB'000
	Jan-May 2017	1H 2016
Revenue	70,767	80,409
Cost of sales	(62,131)	(62,675)
Gross profit	8,636	17,734
Other income	747	562
Administrative and other expenses	(16,251)	(17,325)
Finance costs	(8,653)	(7,472)
Loss from discontinued operations	(15,521)	(6,501)
Income tax expense	(563)	(2,335)
Loss for the period	(16,084)	(8,836)
Gain on disposal of discontinued operation (49%)	105,680	-
Re-measurement of 51% Joint venture interest	130,066	-
Profit(loss) from discontinued operation	219,662	(8,836)

Income Statement of China Holdco Group for the six months ended 30 June 2017 (“1H2017”):

For a better understanding of China Holdco Group’s operational performance, the Income Statement of China Holdco Group is shown below:

	RMB'000	RMB'000	RMB'000	RMB'000
	Jan-May 2017	June 2017	1H 2017	1H 2016
Revenue	70,767	17,851	88,618	80,409
Cost of sales	(62,131)	(15,788)	(77,919)	(62,675)
Gross profit	8,636	2,063	10,699	17,734
Other income	747	3,373	4,120	562
Administrative and other expenses	(16,251)	(3,160)	(19,411)	(17,325)
Finance costs	(8,653)	(1,904)	(10,557)	(7,472)
Profit(loss) from discontinued operations	(15,521)	372	(15,149)	(6,501)
Income tax expense	(563)	(182)	(745)	(2,335)
Profit(loss) for the period	(16,084)	190	(15,894)	(8,836)
51% share proportion	-	51%	-	-
Share of joint venture profit	-	97	-	-

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Gain on disposal of subsidiary:

	1H 2017 RMB'000
Gain on disposal :	
Total consideration satisfied by cash receivable	142,900
Investment in joint venture recognised	495,915
Net assets derecognised	(525,208)
Non-controlling interest derecognised	2,824
Costs(including income taxes) directly attributable to the disposal	(10,751)
Gain on disposal of discontinued operation (49%)	105,680

Net assets of Joint Venture:

	1H 2017 RMB'000
Fair Value*	777,414
Net assets derecognised	522,384
Re-measurement of 100% Joint venture interest	255,030
51% share proportion	51%
Re-measurement of 51% Joint venture interest	130,066

*Based on valuation adjusted for RMB450m capital injection by CITIC Port.

Proceeds from disposal (as shown in para 1(c)(i) Cash Flow) in relation to China Holdco Group:

	1H 2017 RMB'000
Consideration received cash and cash equivalents	142,900
Cash and cash equivalents of subsidiary disposed	(16,633)
Costs directly attributable to the disposal	(10,751)
	115,516

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

	Group		Company	
	30.6.2017 RMB'000	31.12.2016 RMB'000	30.6.2017 RMB'000	31.12.2016 RMB'000
Non-current assets				
Property, plant and equipment	8	1,438,570	9	11
Land use rights	-	257,329	-	-
Investments in subsidiaries	-	-	267,472	267,472
Investment in joint venture	626,078	-	-	-
	626,086	1,695,899	267,481	267,483
Current assets				
Trade and other receivables	203	56,598	-	-
Amount owing by related parties	-	2,046	-	-
Amount owing by subsidiaries	-	-	769	769
Current income tax recoverable	-	-	-	-
Cash and cash equivalents	129,016	10,949	8,940	43
	129,219	69,593	9,709	812
Less:				
Current liabilities				
Trade and other payables	2,740	283,270	3,362	3,252
Amount owing to related parties	-	62,215	-	-
Amount owing to directors	3,064	13,133	3,064	2,509
Amount owing to a subsidiary	-	-	29,766	16,799
Amount owing to a former shareholder of a subsidiary	-	4,502	-	-
Bank and other borrowings	-	596,180	-	-
Current income tax payable	2	6,141	-	-
	5,806	965,441	36,192	22,560
Net current assets/liabilities	123,413	(895,848)	(26,483)	(21,748)
Less:				
Non-current liabilities				
Amount owing to a related party	-	93,050	-	-
Amount owing to a director	-	11,143	-	-
Bank borrowings	-	143,460	-	-
Deferred tax liabilities	-	18,418	-	-
	-	266,071	-	-
Net assets	749,499	533,980	240,998	245,735
Equity				
Share capital	289,064	289,064	289,064	289,064
Statutory common reserve	-	14,935	-	-
Foreign currency translation account	145	(270)	-	-
Other reserve	75,935	84,113	-	-
Retained earnings/(Accumulated losses)	110,903	(50,222)	(48,066)	(43,329)
Equity attributable to owners of the parent	476,047	337,620	240,998	245,735
Non-controlling interests	273,452	196,360	-	-
Total equity	749,499	533,980	240,998	245,735

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An analysis of the results of the investment in joint venture is as follows:

Investment in joint venture:

	30.6.2017
	RMB'000
Net assets derecognised	522,384
Fair value re-measurement	255,030
Fair value	777,414
CITIC injection	450,000
Fair value after CITIC injection	1,227,414
51% share proportion	51%
Investment in joint venture completed May 2017	625,981
Share of joint venture profit (June)	97
Investment in joint venture June 2017	626,078

Share of joint venture profit for the month of June 2017:

	1H 2017
	RMB'000
	June 2017
Revenue	17,851
Cost of sales	(15,788)
Gross profit	2,063
Other income	3,373
Administrative and other expenses	(3,160)
Finance costs	(1,904)
Profit before tax	372
Income tax expense	(182)
Profit before tax	190
51% share proportion	51%
Share of joint venture profit for the month of June 2017	97

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

	As at 30 June 2017			As at 31 December 2016		
	Secured	Unsecured	Total	Secured	Unsecured	Total
RMB'000						
Repayable within one year	-	-	-	596,180	79,850	676,030
Repayable after one year	-	-	-	156,960	90,693	247,653
Total	-	-	-	753,140	170,543	923,683

The Group had no borrowing as at 30 June 2017. The borrowings which exist in the China Holdco Group and the assets and liabilities of China Holdco Group are no longer consolidated in the Group financial statements.

Accordingly, where such loans have personal guarantees or corporate guarantees, such details are also no longer disclose in this results announcement.

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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.

	Group	
	1H 2017 RMB'000	1H 2016 Restated RMB'000
Operating activities		
Loss from continuing operations	(4,121)	(1,116)
Profit for from discontinued operations	219,662	(8,836)
Adjustments for:		
Depreciation of property, plant and equipment	18,922	19,903
Amortisation for land use rights	828	568
Gain on disposal of property, plant and equipment	(6)	30
Gain on disposal of discontinued operation (49%)	(105,680)	-
Re-measurement of 51% Joint venture interest	(130,066)	
Share of joint venture profit	(97)	-
Interest income	(3)	(307)
Interest expense	8,653	7,472
Operating cash flows before working capital changes	8,092	17,714
Working capital changes:		
Trade and other receivables (including related parties)	7,356	4,776
Trade and other payables (including directors and related parties)	63,164	(1,642)
Cash generated from operations	78,612	20,848
Interest paid	(4,800)	(5,720)
Income tax paid	636	1,323
Net cash generated from operating activities	74,448	16,451
Investing activities		
Acquisition of property, plant and equipment	(52,000)	(21,743)
Proceeds from disposal of subsidiary	115,516	-
Interest paid and capitalised	(6,363)	(15,234)
Interest received	3	256
Net cash used in investing activities	57,156	(36,721)
Financing activities		
Proceeds from bank and other borrowings		40,000
Repayment of bank borrowings	(7,122)	(25,778)
Fixed deposits pledged in financial institutions	-	21,725
Amount owing to related parties	(6,415)	(17,028)
Net cash from/(used in) financing activities	(13,537)	18,919
Net change in cash and cash equivalents	118,067	(1,351)
Cash and cash equivalents at beginning of the period	10,949	7,291
Cash and cash equivalents at end of the period	129,016	5,940

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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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Company (RMB'000)</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total equity</u>
(Unaudited)			
Balance as at 1 January 2017	289,064	(43,329)	245,735
Loss for the period	-	(1,519)	(1,519)
Balance as at 31 March 2017	289,064	(44,848)	244,216
Loss for the period	-	(3,218)	(3,218)
Balance as at 30 June 2017	289,064	(48,066)	240,998

(Unaudited)			
Balance as at 1 January 2016	289,064	(38,439)	250,625
Loss for the period	-	(1,684)	(1,684)
Balance as at 31 March 2016	289,064	(40,123)	248,941
Loss for the period	-	(1,608)	(1,608)
Balance as at 30 June 2016	289,064	(41,731)	247,333

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Consolidated Statement of Changes in equity

Group (RMB'000)	Attributable to owners of the company						Non-controlling interests	Total equity
	Share capital	Statutory common reserve	Foreign currency translation account	Other reserve	Retained earnings	Equity attributable to owners of the parent		
(Unaudited)								
Balance as at 1 January 2017	289,064	14,935	(270)	84,113	(50,222)	337,620	196,360	533,980
Total comprehensive income for the period	-	-	-	-	(8,656)	(8,656)	(3,847)	(12,503)
Balance as at 31 March 2017	289,064	14,935	(270)	84,113	(58,878)	328,964	192,513	521,477
Total comprehensive income for the period	-	-	-	-	146,314	146,314	83,668	229,982
Disposal of subsidiary		(14,935)	415	(8,178)	23,467	769	(2,729)	(1,960)
Balance as at 30 June 2017	289,064	-	145	75,935	110,903	476,047	273,452	749,499
(Unaudited)								
Balance as at 1 January 2016	289,064	14,922	(270)	84,113	17,592	405,421	230,238	635,659
Total comprehensive income for the period	-	-	-	-	204	204	1,134	1,338
Balance as at 31 March 2016	289,064	14,922	(270)	84,113	17,796	405,625	231,372	636,997
Total comprehensive income for the period	-	-	-	-	(7,939)	(7,939)	(3,351)	(11,290)
Balance as at 30 June 2016	289,064	14,922	(270)	84,113	9,857	397,686	228,021	625,707

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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 30 June 2017 and 31 December 2016.

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.

	<u>30.6.2017</u>	<u>31.12.2016</u>
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company does not have any treasury shares as at 30 June 2017 and 31 December 2016.

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

Not applicable.

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

There were no subsidiary holdings as at the end of the current financial period reported on.

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

The figures have neither been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

The accounting policies and methods of computation are the same as in the Company's

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audited consolidated financial statements for the financial year ended at 31 December 2016.

- 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.**

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017.

The adoption of new/revised FRS and INT FRS does not result in any substantial changes to the Group's accounting policies, and has no material effect on the amounts reported for the current or prior periods.

- 6. If 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.**

Earnings per ordinary share:	Group	
	1H2017	1H2016Restated
Weighted average number of ordinary shares used in computation of basic EPS	203,461,883	203,461,883
(a) EPS from continuing operation—basic and diluted (RMB cents)	(2.12)	(0.92)
(b) EPS From discontinued operation—basic and diluted (RMB cents)	70.14	(2.88)

Notes:

- (a) Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.
- (b) Diluted EPS is the same as the basic EPS as the Group does not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial period.

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

	Group		Company	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
Net asset value per ordinary share (RMB cents)	234.0	165.9	118.4	120.8

- 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.

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Statement of comprehensive income of the Group

Administrative and Other Costs is in respect of the Company and 65% owned investment holding subsidiary Hengyang Holding Pte Ltd (“HHPL”). All other items relates to the activities of China Holdco Group and are included in “Profit/(loss from discontinued operations” (up to 31 May 2017) and as share of Joint venture profit for June 2017.

Profit/(loss) from discontinued operation

The Group has recognised profit from the discontinued operation attributed to China Holdco Group which amounted to RMB219.66 million comprising:

Gain on disposal of 49% of China Holdco Group	RMB105.68 million
Re-measurement fair value gain of remaining 51% interest in China Holdco Group	RMB130.06 million
Offset by Loss from discontinued operations	RMB16.08 million.

Share of joint venture profit

The group had recognized its Share of Joint Venture profit of RMB0.1 million attributable to the Group’s 51% share of profit from China Holdco Group.

Administrative expenses

Administrative expense comprise mainly the overheads of the Company and HHPL.

Administrative expenses increased by RMB2.50 million or 146% from RMB1.72 million in 1H2016 to RMB4.22 million in 1H2017 mainly due to increase in staff costs and professional fees.

Statement of financial position of the Group as at 30 June 2017

There is a substantial change in most items of the Balance Sheet as the assets and liabilities of China Holdco Group are no longer consolidated in the Group’s financial statements.

As at 30 June 2017, the Group recorded an investment in Joint Venture which amounted to RMB626.08 million based on a valuation report of 51% interest in China Holdco Group adjusted for the RMB450m capital injection by CITIC Port.

Current assets

As at 30 June 2017, the Group’s current assets amounted to RMB129.22 million, comprising an amount owing by subsidiaries and cash and cash equivalents which accounted for 21% of its total assets.

Current liabilities

As at 30 June 2017, the Group’s current liabilities amounted to RMB5.8 million comprising trade and other payables and amount owing to directors which accounted for 100% of its total liabilities.

The decrease in current liabilities was mainly attributed to deconsolidation of its subsidiary, China Holdco.

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Statement of Cash Flows of the Group for 1H 2017

Cash flow used in operating activities increased from RMB16.45 million in 1H2016 to RMB74.44 million in 1H 2017 which was mainly attributed to the increase in trade and other payables (including directors and related parties).

Net cash used in investing activities increased to RMB57.16 million in 1H2017 from a deficit balance of RMB36.72 million in 1H2016 which was mainly attributed to sales proceeds from the disposal of its subsidiary, China Holdco, which amounted to RMB115.52 million during the financial period, partially offset by acquisition of property, plant and equipment and interest paid and capitalised.

Net cash used in financing activities decreased from RMB18.92 million in 1H2016 to deficit balance of RMB13.54 million in 1H2017. This was due to repayment of bank and other borrowings which amounted to RMB7.12 million and advance to related parties of RMB6.41 million in 1H2017.

As at 30 June 2017, the Group's cash and cash equivalents was 129.02 million.

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

The Group has not issued any forecast. There has been no significant variance in the business environment in which the Group operated.

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.

China's gross domestic product expanded 6.9% year-on-year in the first half of 2017. The growth rate is higher than the 6.7% in 2016 and well above the government's target of 6.5%, reflecting firmer trend in the economy. Nonetheless, market conditions remain challenging although there are preliminary signs of recovery.

With the new ecological protection initiative along the Changjiang catchment region by the PRC government, the main focus of our joint venture is to capitalize on the advantage of our strategic locations of the facilities along Changjiang so as to align to this initiative.

As previously announced, the operations in Deqiao facility has been suspended since 22 April 2016 due to an industrial fire. Hence, the operating performance of Deqiao is unlikely to improve significantly in the near future.

The Group had completed the disposal of 49% of its equity interest in China Holdco.

Shareholders should note that the gain on disposal is one-off and non-recurrent. Following the disposal, the Company is an investment holding company with no source of direct revenue and is only accounting for its share of results of the joint venture.

The Group will continue to seek opportunities for the development and growth of its business and operations.

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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 1H2017.

(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 1H2016.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared for 1H2017.

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13. Interested Person Transactions (“IPT”)

If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”) 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	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandated pursuant to Rule 920) ⁽⁵⁾	Aggregate value of all interested person transactions conducted under the existing shareholders’ mandated pursuant to Rule 920 (excluding transactions less than \$100,000)
	RMB’000	RMB’000
Provision of Petrochemical storage services and land transport services ⁽¹⁾		
- Jinqiao Chemical	-	3,095
- Shanghai Kangyang ⁽²⁾	-	57
- Wuhan Kangyang ⁽²⁾	-	-
- Jiangyin Saisheng ⁽³⁾	-	-
- Golden Hope ⁽³⁾	-	0
Interest expense charged		
- Jinqiao Chemical	-	2,608
- Wuhan Kangyang ⁽²⁾	-	813
- Gu Wenlong	-	265
A success fee payment		
- Jadestone Development Limited ⁽⁴⁾	5,929	-

Notes:

- (1) Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of the **Chairman**.
- (2) Shanghai Kangyang, Wuhan Kangyang and Jiangyin Saisheng are controlled by Jinqiao Chemical.
- (3) Golden Hope is controlled by Mr Gu Wen Long, the **Chairman** of the Group.
- (4) Mr Xie Yu, who is a non-executive director of the Company, is also the ultimate shareholder of Jadestone Development Limited. The payment of success fees is pursuant to the consultancy agreement entered into between the Company, Mr Gu and HHPL on 23 May 2016.

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PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Confirmation By The Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that to the best of the knowledge of the Directors of the Company, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for 1H 2017 to be false or misleading in any material aspect.

15. Updates to the Industrial Fire Which Happened on 22 April 2016 (“Accident”)

Operations in Deqiao facility had been suspended since 22 April 2016. Management will strive to resume operations of the Deqiao facility by the end of 2017.

GU WEN LONG

Chairman and Chief Executive Officer

DIONG TAI PEW

Lead Independent Director (AC Chairman)

BY ORDER OF THE BOARD

GU WEN LONG

Chairman and Chief Executive Officer

7 August 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 Singapore Exchange Securities Trading Limited (“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.