

CIRCULAR DATED 19 AUGUST 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents of this Circular (as defined herein) or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Unless otherwise stated, capitalised terms appearing on the cover of this Circular have the same meanings as defined in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your ordinary shares in the capital of Hengyang Petrochemical Logistics Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting ("**Notice of EGM**") and the attached Proxy Form to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM to be sent to the purchaser or the transferee. If you have sold or transferred all your shares in the issued share capital of the Company represented by physical share certificates, you should immediately forward this Circular, the Notice of EGM and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company, and its contents have been reviewed by the Company's sponsor, Xandar Capital Pte Ltd (the "**Sponsor**").

This Circular 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 Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is: Ms Pauline Sim (Head of Corporate Finance), Xandar Capital Pte Ltd, 3 Shenton Way, #24-02 Shenton House, Singapore 068805, Telephone: (65) 6319 4954.

This Circular, together with the Notice of EGM and the accompanying Proxy Form, has been made available on SGXNET and may be accessed at the URL <http://www.sgx.com/securities/company-announcements>. A printed copy of this Circular, the Notice of EGM and the Proxy Form will NOT be despatched to Shareholders.

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via "live" audio-visual webcast or listening to the EGM proceedings via "live" audio-only stream; (b) submitting questions in advance of the EGM or during the "live" audio-visual webcast of the EGM; and/or (c) voting at the EGM (i) "live" by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM.

Please refer to Sections 13 and 14 of this Circular for further information, including steps to be taken by Shareholders to participate at the EGM.



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO (I) THE PROPOSED INCREASE IN THE REGISTERED CAPITAL OF JIANGYIN FOREVER SUN CHEMICAL LOGISTICS CO., LTD. AND (II) THE PROPOSED DEBT CAPITALISATION EXERCISE AND PROPOSED IPT SUBSCRIPTION EXERCISE AS INTERESTED PERSON TRANSACTIONS

Independent Financial Adviser on the Proposed Debt Capitalisation Exercise and Proposed IPT Subscription Exercise as interested person transactions



ZICO CAPITAL PTE. LTD.

(Incorporated in Singapore)
(Company Registration Number: 201613589E)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	3 September 2022 at 10:00 am
Date and time of Extraordinary General Meeting	:	5 September 2022 at 10:00 am
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means in the manner as set out in the Notice of EGM at Page N-1 of this Circular

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

- “21% Acquisition”** : The proposed acquisition of an additional 21% equity interest in Tianjin Odfjell by the China Holdco, by way of public tender administered by the Tianjin Property Rights Exchange (天津产权交易中心) in the PRC, further details of which are set out in the Company’s circular to Shareholders dated 8 July 2022. As at the date of this Circular, the China Holdco has received the notice from the Tianjin Property Rights Exchange (天津产权交易中心) that the China Holdco is successful in the tender and the China Holdco expects to complete the 21% Acquisition on or before 5 September 2022. Please refer to the Company’s announcements dated 30 June 2022, 25 July 2022 and 15 August 2022, and the circular dated 8 July 2022 for further information on the 21% Acquisition
- “6M2022”** : The six (6) months ended 30 June 2022
- “Announcement”** : The Company’s announcement on 13 July 2022 in relation to the Proposed Increase in Registered Capital and the Proposed IPT Transactions
- “Associates”** : (a) in relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (direct or indirectly) have an interest of 30% or more
- “Audit Committee”** : The audit committee of the Company
- “Board”** : The board of directors of the Company
- “Catalist Rules”** : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time

DEFINITIONS

“CDP”	:	The Central Depository (Pte) Limited
“China Holdco”	:	Jiangyin Foreversun Chemical Logistics Co., Ltd. (江阴恒阳化工储运有限公司), a 49%-owned joint venture company of the Company
“China Holdco Group”	:	The China Holdco and its subsidiaries from time to time
“Circular”	:	This circular to Shareholders dated 19 August 2022
“CITIC Port”	:	CITIC Port Investment Co., Ltd., which owns 2% of the equity interest in the China Holdco
“Companies Act”	:	Companies Act 1967 of Singapore, as amended from time to time
“Company”	:	Hengyang Petrochemical Logistics Limited
“Completion”	:	The completion of the Proposed Increase in Registered Capital and the Proposed IPT Transactions
“Confirmation Email”	:	Confirmation email to be sent to authenticated Shareholders who have been pre-registered for the EGM, further details of which are set out in Section 14.1 of this Circular
“Consideration”	:	The total consideration for the Proposed Increase in Registered Capital, being RMB268.80 million (equivalent to approximately US\$40.05 million or approximately S\$55.80 million), comprising registered capital of RMB160.00 million (equivalent to approximately US\$23.84 million or approximately S\$33.22 million) and share premium of RMB108.80 million (equivalent to approximately US\$16.21 million or approximately S\$22.59 million), details of which are set out in Section 1.2 of this Circular
“Controlling Shareholder”	:	A person who: - (a) holds directly or indirectly 15% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company.
“COVID-19 Act”	:	The COVID-19 (Temporary Measures) Act 2020 of Singapore, as amended, modified or supplemented from time to time
“COVID-19 Order”	:	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of Singapore, as amended, modified or supplemented from time to time

DEFINITIONS

“Debt Amount”	:	The outstanding amount due from the China Holdco to Jinqiao Chemical aggregating RMB110,886,402 (equivalent to approximately US\$16.52 million or approximately S\$23.02 million), details of which are set out in Sections 1.2(c) and 3.5 of this Circular
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of the Company to seek Shareholders’ approval for the Proposed IPT Transactions in connection with the Proposed Increase in Registered Capital, notice of which is given on pages N-1 to N-5 of this Circular
“FY”	:	The financial year commenced or, as the case may be, commencing, on 1 January and ended, or as the case may be, ending on 31 December
“FY2019”	:	The financial year ended 31 December 2019
“FY2020”	:	The financial year ended 31 December 2020
“FY2021”	:	The financial year ended 31 December 2021
“FY2022”	:	The financial year ending 31 December 2022
“Group”	:	The Company and its subsidiaries from time to time
“HHPL”	:	Hengyang Holding Pte. Ltd., a wholly-owned subsidiary of the Company
“IFA”	:	ZICO Capital Pte. Ltd., the independent financial adviser in relation to the Proposed IPT Transactions
“IFA Letter”	:	A copy of the letter dated 19 August 2022 from the IFA set out in Appendix A of this Circular
“ILB”	:	ILB Group Berhad (formerly known as Integrated Logistics Berhad), a company listed on Bursa Malaysia
“ILHK”	:	Integrated Logistics (HK) Ltd., an investment company incorporated in Hong Kong
“Independent Shareholders”	:	Shareholders of the Company who have no interest in the Proposed IPT Transactions
“Jinqiao Chemical”	:	Jiangyin Golden Bridge Chemical Co., Ltd. (江阴金桥化工有限公司), an existing creditor of the China Holdco which is established and wholly-owned by Ms Sun, the spouse of Mr Gu

DEFINITIONS

“Latest Practicable Date”	:	11 August 2022, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Losses per Share
“Material Assets”	:	The material assets of the China Holdco which value the Valuer was commissioned to determine, further details of which are set out in Section 3.1(e) of this Circular
“Mr Gu”	:	Mr Gu Wen Long, the Executive Director and Chief Executive Officer of the Company
“Ms Sun”	:	Ms Sun Fang, the spouse of Mr Gu Wen Long
“Notice of EGM”	:	The notice of EGM, as set out on pages N-1 to N-5 of this Circular
“NTA”	:	Net tangible assets
“Ordinary Resolution”	:	A resolution to be passed by more than 50% of Shareholders present and voting either in person or by proxy at the EGM, as set out in the Notice of EGM
“PRC”	:	People’s Republic of China
“Pre-registration Website”	:	The pre-registration website for the EGM at the link https://globalmeeting.bigbangdesign.co/hy2022egm/ , further details of which are set out in Section 14.1 of this Circular
“Proposed Debt Capitalisation Exercise”	:	The proposed capitalization of the entire Debt Amount as capital of the China Holdco as part of the Proposed Increase in Registered Capital, further details of which are set out in Section 1.2(c) and 3.5 of this Circular
“Proposed Increase in Registered Capital”	:	The proposed increase in registered capital of the China Holdco by RMB160.00 million (equivalent to approximately US\$23.84 million or approximately S\$33.22 million), from US\$123,041,800 (equivalent to approximately S\$171.42 million) to US\$146,881,833 (equivalent to approximately S\$204.64 million), at the Consideration, further details of which are set out in Sections 1 and 2 of this Circular
“Proposed IPT Subscription Exercise”	:	The proposed subscription of new registered capital in the China Holdco by Jinqiao Chemical in connection with the cash injection of RMB14,897,497 (equivalent to approximately US\$2.22 million or approximately S\$3.09 million) by Jinqiao Chemical into the China Holdco, further details of which are set out in Section 1.2(c) of this Circular
“Proposed IPT Transactions”	:	The Proposed Debt Capitalisation Exercise and the Proposed IPT Subscription Exercise

DEFINITIONS

“Proxy Form”	:	The proxy form in respect of the EGM, as set out on pages P-1 to P-2 of this Circular
“Recommending Directors”	:	Directors (except for Mr Gu in relation to the Proposed IPT Transactions) that are deemed independent for the purposes of making the recommendation in Section 9 of this Circular
“Registration Deadline”	:	The deadline for pre-registration of the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings, that is, 10:00 am on 31 August 2022, further details of which are set out in Section 14.1 of this Circular
“RMB”	:	Renminbi, the lawful currency of the People's Republic of China
“RNAV”	:	Revalued net asset value
“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
“SFA”	:	Securities and Futures Act 2001 of Singapore, as amended from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company
“Shareholders”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and whose Securities Accounts maintained by the CDP are credited with those Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Sinopec”	:	Sinopec Chemical Sales Company Limited (中国石化化工销售有限公司), the joint venture partner of HHPL which owns 49% of the equity interest in the China Holdco
“Substantial Shareholder”	:	A person who has an interest (directly or indirectly) in 5% or more of the total issued share capital of the Company (excluding treasury shares)
“Summary Valuation Letter”	:	A summary of the Valuation Report set out in Appendix B of this Circular
“S\$” and “cents”	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore

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“Tianjin Odfjell”	:	Odfjell Nangang Terminals (Tianjin) Co., Ltd. (天津南港奥德费尔码头仓储有限公司)
“US\$”	:	United States Dollars, the lawful currency of the United States of America
“Valuation Report”	:	The valuation report dated 26 July 2022 issued by the Valuer in relation to the China Holdco
“Valuer”	:	Shanghai Orient Certified Appraisal Co., Ltd. (上海东洲资产评估有限公司)
“%” or “per cent”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA or any statutory modification thereof, as the case may be.

The terms “**associated company**” and “**subsidiary**” shall have the meanings ascribed to them in the Catalist Rules and the Companies Act, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing one gender shall, where applicable, include all other genders.

References to persons, where applicable, shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules, or any relevant laws of Singapore or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any relevant laws of Singapore or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular is a reference to Singapore time and date, respectively, unless otherwise stated.

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable

DEFINITIONS

laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

The following exchange rates are applied throughout this Circular, unless otherwise stated:

- US\$1.00 to RMB6.7114 (being the middle exchange rate on 30 June 2022 published by The People's Bank of China);
- S\$1.00 to RMB4.817 (being the middle exchange rate on 30 June 2022 published by The People's Bank of China); and
- US\$1.00 to S\$1.3932 (being the cross exchange rate of the two exchange rates mentioned above).

LETTER TO SHAREHOLDERS

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200807923K)

Board of Directors:

Mr Anthony Ng Koon Leng (Non-Executive Independent Chairman)
Mr Gu Wen Long (Executive Director and Chief Executive Officer)
Mr Tee Tuan Sem (Vice-Chairman and Executive Director)
Mr Diong Tai Pew (Non-Executive and Lead Independent Director)
Mr Xie Yu (Non-Executive Director)

Registered Office:

10 Anson Road
#25-06 International Plaza
Singapore 079903

19 August 2022

To: The Shareholders of Hengyang Petrochemical Logistics Limited

Dear Shareholders,

THE PROPOSED INCREASE IN THE REGISTERED CAPITAL OF JIANGYIN FOREVER SUN CHEMICAL LOGISTICS CO., LTD. AND THE PROPOSED DEBT CAPITALISATION EXERCISE AND PROPOSED IPT SUBSCRIPTION EXERCISE AS INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

- 1.1. As stated by the Company in its announcement dated 13 July 2022 (the “**Announcement**”), Jiangyin Foreversun Chemical Logistics Co., Ltd. (the “**China Holdco**”), a 49%-owned joint venture company of the Company, intends to increase its registered capital by RMB160.00 million (equivalent to approximately US\$23.84 million or approximately S\$33.22 million), from US\$123,041,800 (equivalent to approximately S\$171.42 million) to US\$146,881,833 (equivalent to approximately S\$204.64 million) (the “**Proposed Increase in Registered Capital**”).
- 1.2. The total consideration for the Proposed Increase in Registered Capital is RMB268.80 million (equivalent to approximately US\$40.05 million or approximately S\$55.80 million) (the “**Consideration**”), comprising registered capital of RMB160.00 million (equivalent to approximately US\$23.84 million or approximately S\$33.22 million) and share premium of RMB108.80 million (equivalent to approximately US\$16.21 million or approximately S\$22.59 million), will be undertaken in the following manner:
 - (a) Hengyang Holding Pte. Ltd. (“**HHPL**”), a wholly-owned subsidiary of the Company and an existing shareholder of the China Holdco, which owns 49% of the equity interest in the China Holdco as at the Latest Practicable Date, will inject cash of RMB8,616,101 (equivalent to approximately US\$1.28 million or approximately S\$1.79 million) into the China Holdco.
 - (b) Sinopec Chemical Sales Company Limited (中国石化化工销售有限公司) (“**Sinopec**”), the joint venture partner of HHPL and an existing shareholder of the China Holdco, which owns 49% of the equity interest in the China Holdco as at the Latest Practicable Date, will inject cash of RMB134,400,000 (equivalent to approximately US\$20.03 million or approximately S\$27.90 million) into the China Holdco.

LETTER TO SHAREHOLDERS

(c) Jiangyin Golden Bridge Chemical Co., Ltd. (江阴金桥化工有限公司) (“**Jinqiao Chemical**”), an existing creditor of the China Holdco, which has outstanding amounts due from the China Holdco aggregating RMB110,886,402 (equivalent to approximately US\$16.52 million or approximately S\$23.02 million) (the “**Debt Amount**”) as at the Latest Practicable Date, will capitalise the entire Debt Amount as capital of the China Holdco (the “**Proposed Debt Capitalisation Exercise**”). Jinqiao Chemical will also inject cash of RMB14,897,497 (equivalent to approximately US\$2.22 million or approximately S\$3.09 million) into the China Holdco and will subscribe for new registered capital in the China Holdco accordingly (the “**Proposed IPT Subscription Exercise**”, and together with the Proposed Debt Capitalisation Exercise, the “**Proposed IPT Transactions**”).

The portion of registered capital and share premium of HHPL, Sinopec and Jinqiao Chemical are disclosed in Section 2.2 of this Circular.

- 1.3. Jinqiao Chemical is a company established and wholly-owned by Ms Sun Fang (“**Ms Sun**”), the spouse of Mr Gu Wen Long (“**Mr Gu**”), the Executive Director and Chief Executive Officer of the Company. Mr Gu is also a controlling shareholder of the Company and holds 114,100,000 ordinary shares (“**Shares**”) representing 56.08% interest in the capital of the Company through his wholly-owned company, Foreversun Holdings Co., Ltd. Accordingly, Jinqiao Chemical is an “interested person” under Rule 904(4) of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), and each of the Proposed IPT Transactions will constitute an “interested person transaction” pursuant to Chapter 9 of the Catalist Rules, for which the approval of shareholders of the Company (the “**Shareholders**”) who have no interest in the Proposed IPT Transactions (the “**Independent Shareholders**”) is required.
- 1.4. In this regard, the Company is proposing to convene an extraordinary general meeting (“**EGM**”) to seek approval from the Independent Shareholders for the Proposed IPT Transactions as an Ordinary Resolution.
- 1.5. The purpose of this Circular is to provide Shareholders with the relevant information relating to the Proposed Increase in Registered Capital and the Proposed IPT Transactions, and to seek the Independent Shareholders’ approval for the Proposed IPT Transactions at the forthcoming EGM to be held by electronic means at 10:00 a.m. on 5 September 2022, notice of which is set out in the Notice of EGM on pages N-1 to N-5 of this Circular.
- 1.6. The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.
- 1.7. Insights Law LLC has been appointed as the legal adviser to the Company in relation to Singapore law for the Proposed Increase in Registered Capital and the Proposed IPT Transactions.

2. THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED IPT TRANSACTIONS

- 2.1. The Company previously announced in the Announcement that the China Holdco intends to undertake the Proposed Increase in Registered Capital to increase its registered capital by RMB160.00 million (equivalent to approximately US\$23.84 million or approximately S\$33.22 million), from US\$123,041,800 (equivalent to approximately S\$171.42 million) to US\$146,881,833 (equivalent to approximately S\$204.64 million), in the manner set out in Section 1.2 above.

LETTER TO SHAREHOLDERS

- 2.2. The contributions to the registered capital and share premium of the China Holdco arising from the Proposed Increase in Registered Capital are as follows:

Name of shareholder	Consideration (RMB) ⁽¹⁾	Amount to be allocated to registered capital (RMB)	Amount to be allocated to share premium (RMB)
HHPL (that is, Hengyang Holding Pte. Ltd., incorporated in Singapore, which is wholly owned by the Company)	8,616,101 (in cash)	5,128,632	3,487,469
Sinopec (that is, Sinopec Chemical Sales Company Limited (中国石化化工销售有限公司), incorporated in the PRC)	134,400,000 (in cash)	80,000,000	54,400,000
Jinqiao Chemical (that is, Jiangyin Golden Bridge Chemical Co., Ltd., incorporated in the PRC, which is wholly owned by Ms Sun, the spouse of Mr Gu)	125,783,899 (through the Proposed IPT Subscription Exercise and through the Proposed Debt Capitalisation Exercise)	74,871,368	50,912,531
Total	268,800,000	160,000,000	108,800,000

Note:

- (1) The registered capital of the China Holdco is stated in US\$ in the China Holdco's memorandum and articles of association. The China Holdco is undertaking the Proposed Increase in Registered Capital in RMB and will log in the US\$ equivalent amount in its memorandum and articles of association based on the exchange rate on the actual date of capital increase.

- 2.3. The changes to the registered capital of the China Holdco arising from the Proposed Increase in Registered Capital are as follows:

Name of shareholder	Registered capital (US\$'000) ⁽¹⁾	
	Before the Proposed Increase in Registered Capital	After the Proposed Increase in Registered Capital
HHPL	60,290.70	61,054.87
Sinopec	60,290.70	72,210.72
CITIC Port (that is, CITIC Port Investment Co., Ltd., incorporated in the PRC)	2,460.40	2,460.40

LETTER TO SHAREHOLDERS

Name of shareholder	Registered capital (US\$'000) ⁽¹⁾	
	Before the Proposed Increase in Registered Capital	After the Proposed Increase in Registered Capital
Jinqiao Chemical	NIL	11,155.85
Total	123,041.80	146,881.84

Note:

- (1) The registered capital of the China Holdco is stated in US\$ in the China Holdco's memorandum and articles of association. The China Holdco is undertaking the Proposed Increase in Registered Capital in RMB and will log in the US\$ equivalent amount in its memorandum and articles of association based on the exchange rate on the actual date of capital increase.

- 2.4. Following the completion of the Proposed Increase in Registered Capital and the Proposed IPT Transactions ("**Completion**"), the equity holding structure of the China Holdco will be as follows:

Name of shareholder	Percentage of equity interest in the China Holdco immediately before the Completion	Percentage of equity interest in the China Holdco immediately after the Completion
HHPL	49%	41.57%
Sinopec	49%	49.16%
CITIC Port	2%	1.68%
Jinqiao Chemical	NIL	7.59%
Total	100%	100%

Note:

- (1) The percentages were calculated based on the US\$ to RMB exchange rate as at 30 June 2022. The final percentages will be dependent on the exchange rate on the actual date of capital increase.

- 2.5. As set out in the table in Section 2.4 above, following Completion, the Group's effective interest in the China Holdco, held through the Company's wholly-owned subsidiary, HHPL, will be reduced from 49.0% to 41.57%, representing a dilution of 7.43 percentage points or 15.17%.
- 2.6. As mentioned in Section 2.4 above, the relevant percentages of equity interest in the China Holdco held by each shareholder upon Completion were calculated based on the US\$ to RMB exchange rate as at 30 June 2022. The final percentages will be dependent on the exchange rate on the actual date of capital increase. Based on the data extracted from Bloomberg L.P., the highest US\$ to RMB exchange rate for the period between 1 January 2022 and the Latest Practicable Date was US\$1.00 to RMB6.7893 while the lowest US\$ to RMB exchange rate for the period between 1 January 2022 and the Latest Practicable Date was US\$1.00 to RMB6.3093. If the Proposed Increase in Registered Capital is logged in at the aforementioned highest exchange rate, the Group's effective interest in the China Holdco will be reduced from 49.0% to 41.64% representing a dilution of 7.36 percentage points or 15.02%. If the Proposed Increase in Registered Capital is logged in at the aforementioned lowest exchange rate, the Group's effective interest in the China

LETTER TO SHAREHOLDERS

Holdco will be reduced from 49.0% to 41.17%, representing a dilution of 7.83 percentage points or 15.97%.

- 2.7. As the percentage reduction of the Group's effective interest in the China Holdco is below 20% and there is no change to the accounting treatment of the China Holdco to the Group arising from the Proposed Increase in Registered Capital, the Proposed Increase in Registered Capital does not constitute a transaction which requires the approval of Shareholders under Rule 805(2) of the Catalist Rules.

3. INFORMATION ON THE CHINA HOLDCO AND ITS SHAREHOLDERS (AND NEW SHAREHOLDER)

3.1. Information on the China Holdco

(a) The China Holdco is a limited liability company incorporated in the People's Republic of China (the "PRC") on 25 November 2002 and is primarily engaged in the business of 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.

(b) The shareholders of the China Holdco as at the Latest Practicable Date are as follows:

Name of shareholder	Percentage of equity interest in the China Holdco
HHPL	49%
Sinopec	49%
CITIC Port	2%
Total	100%

(c) China Holdco and its subsidiaries reported loss before income tax of approximately RMB63.2 million (equivalent to approximately S\$13.1 million), approximately RMB0.5 million (equivalent to approximately S\$112,000), approximately RMB10.1 million (equivalent to approximately S\$2.1 million) and approximately RMB11.8 million (equivalent to approximately S\$2.5 million) for FY2019, FY2020, FY2021 and the six months ended 30 June 2022 ("6M2022") respectively.

(d) Based on the latest available unaudited consolidated financial statements of the China Holdco for 6M2022, the China Holdco has net asset value and net tangible asset of approximately RMB915.22 million (equivalent to approximately S\$190.02 million) and RMB675.12 million (equivalent to approximately S\$140.15 million) respectively as at 30 June 2022.

(e) In connection with the Proposed Increase in Registered Capital and the Proposed IPT Transactions, the China Holdco has commissioned Shanghai Orient Certified Appraisal Co., Ltd. (上海东洲资产评估有限公司) as an independent valuer (the "Valuer") to determine the market value of certain material assets of the China Holdco, comprising of non-current assets, namely the property, plant and equipment (which includes (i) fixed assets such as buildings and equipment, and (ii) construction in progress), land use rights and prepaid expenses in

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relation to improvements to production facilities (collectively, the “**Material Assets**”). The China Holdco’s Material Assets had a total net book value of approximately RMB2.38 billion (equivalent to approximately S\$493.3 million) as at 31 March 2022.

The Valuer is one of the largest professional appraisal institutions in the PRC. It is the first large-scale Chinese funded appraisal institution in the PRC and the first in the PRC to formally join the International Valuation Standards Council. The Valuer and its affiliates have all the highest-level qualification certificates in the Chinese asset appraisal industry, including undertaking securities and futures-related business qualifications. The Valuer has a wide range of appraisal businesses, including but not limited to corporate restructuring and listing (PRC and overseas initial public offering), asset restructuring of listed companies, Sino-foreign joint ventures, restructuring of state-owned enterprises, corporate mergers and acquisitions. The Valuer has also undertaken valuation work for listed companies such as Shanghai International Airport Co., Ltd. (600009) and Titan Wind Energy (Suzhou) Co., Ltd (002531).

Based on the valuation report dated 26 July 2022 issued by the Valuer (the “**Valuation Report**”), as at 31 March 2022, the market value of the Material Assets amounted to approximately RMB2.77 billion (equivalent to approximately S\$574.7 million). The net revaluation surplus for the Material Assets arising from such valuation is RMB164.3 million, based on the book value of the Material Assets (other than construction in progress) as at 30 June 2022 and the book value of construction in progress as at 31 March 2022. The Directors and the Management confirm that there are no material differences between the market value and book value for the China Holdco Group’s additional construction in progress recognised during the period from 1 April 2022 to 30 June 2022. Accordingly, the RNAV of the China Holdco Group is RMB1,080.7 million as at 30 June 2022.

The Valuation Report was prepared in accordance with the Asset Valuation Basic Standards (资产评估基本准则) issued by the Ministry of Finance of the PRC (中国财政部) as well as the Professional Ethics of Assets Appraisal (资产评估职业道德准则), and various practicing standards (资产评估执业准则) and guidance (指南/指导) issued by China Appraisal Society (中国资产评估协会).

The summary of the Valuation Report (the “**Summary Valuation Letter**”) is annexed hereto as Appendix B and a copy of which (and the underlying Valuation Report) is also made available to the Shareholders for inspection at the registered office of the Company. Shareholders are advised to read and consider the Summary Valuation Letter issued by the Valuer carefully.

3.2. Information on HHPL

- (a) HHPL is a private company limited by shares incorporated in Singapore on 5 May 2008 and is a wholly-owned subsidiary of the Company.
- (b) HHPL is in the business of building, owning and operating petrochemical terminals, including petrochemical port facilities and petrochemical and oil product storage tanks, providing warehousing and logistics services for third parties and land transportation.
- (c) As at the Latest Practicable Date, HHPL owns 49% of the equity interest in the China Holdco.

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3.3. Information on Sinopec

- (a) Sinopec is a limited liability company incorporated under the laws of the PRC and is a state-owned enterprise. Sinopec 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 (that is, the Sinopec Group) are principally engaged in 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 products; and (3) the production and sale of chemicals.
- (c) On 24 September 2021, Sinopec acquired 49% of the equity interest in the China Holdco from CITIC Port, following which Sinopec became the 49% shareholder of the China Holdco.

3.4. Information on CITIC Port

- (a) CITIC Port is a limited liability company incorporated under the laws of the PRC in March 2006 and is a state-owned enterprise. CITIC Port is a joint investment between CITIC Xingye Investment Group Co., Ltd. and CITIC Xingye Investment Ningbo Co., Ltd. CITIC Port is the operation platform of CITIC Xingye Investment Co., Ltd.'s port business.
- (b) CITIC Port became the 49% shareholder of the China Holdco in May 2017 and sold its 49% equity interest in the China Holdco to Sinopec in September 2021.
- (c) HHPL transferred 2% equity interest in the China Holdco to CITIC Port for a nominal consideration in September 2021 so that the China Holdco can comply with the loan covenant of its material bank loans. For more information, please refer to the Company's announcement dated 1 September 2021.

3.5. Information on Jinqiao Chemical

- (a) Jinqiao Chemical was established in 2000 in the PRC and is engaged in the business of chemical import and export, distribution by sea and river transportation.
- (b) Jinqiao Chemical has been extending loans to the China Holdco since 2012. As at the Latest Practicable Date, the Debt Amount (being RMB110,886,402 (equivalent to approximately US\$16.52 million or approximately S\$23.02 million)) remains due from the China Holdco to Jinqiao Chemical. Following the completion of the Proposed Debt Capitalisation Exercise, the Debt Amount will be fully repaid.

4. RATIONALE FOR THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED IPT TRANSACTIONS

- 4.1. The Proposed Increase in Registered Capital will strengthen the financial position of the China Holdco and allows the China Holdco to be in a better position to expand its business in the PRC. The China Holdco has recently completed the acquisition of 49% equity interest in Odfjell Nangang Terminals (Tianjin) Co., Ltd. (天津南港奥德费尔码头仓储有限公司) ("Tianjin Odfjell") in June 2022, and is in the process of completing the proposed acquisition of an additional 21% equity

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interest in Tianjin Odfjell (the “**21% Acquisition**”) for a consideration of RMB22,502,600 (equivalent to approximately S\$4,603,359 based on the exchange rate of S\$1.00 to RMB4.8721 on 31 May 2022 published by The People’s Bank of China). Shareholders may refer to the Company’s circular to Shareholders dated 8 July 2022 and the Company’s announcements dated 30 June 2022, 25 July 2022 and 15 August 2022 for further details on the 21% Acquisition. The China Holdco will be depleting a substantial portion of its cash reserves to settle the consideration for the 21% Acquisition.

- 4.2. The Proposed Debt Capitalisation Exercise will improve the debt to equity gearing ratio of the China Holdco from 2.04 times to 1.52 times (based on the unaudited consolidated financial statements of the China Holdco as at 30 June 2022). In addition, as at 30 June 2022, the Company only had cash and cash equivalents of RMB39.85 million (equivalent to approximately S\$8.27 million), of which RMB8.94 million in the form of bank guarantee deposit cannot be used. Following the cash injection into the China Holdco by HHPL, the Company will have usable cash and cash equivalents of RMB22.30 million (equivalent to approximately S\$4.62 million). As the Company needs to preserve cash for its working capital for the next three (3) to five (5) years, HHPL will only be injecting cash of RMB8.62 million (equivalent to approximately S\$1.79 million) into the China Holdco as part of the Proposed Increase in Registered Capital.
- 4.3. Accordingly, the Board believes that the Proposed Increase in Registered Capital and the Proposed IPT Transactions are in the interests of the Group and the Shareholders in the long run. The Proposed Increase in Registered Capital and the Proposed IPT Transactions are undertaken pursuant to a strategic review of the financial position, operational needs, long-term strategy and direction of the Group.

5. FINANCIAL EFFECTS OF THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED IPT TRANSACTIONS

5.1. Assumptions

The *pro forma* financial effects of the Proposed Increase in Registered Capital and the Proposed IPT Transactions on the Group as set out below are for illustrative purposes only and do not reflect the actual financial position or the future financial performance of the Company or the Group after Completion.

The *pro forma* financial effects in this section are based on the consolidated audited financial statements of the Group for the financial year ended 31 December 2021 (“**FY2021**”). The *pro forma* financial effects of the Proposed Increase in Registered Capital and the Proposed IPT Transactions have been prepared based on the following assumptions:

- (a) the Company has 203,461,883 Shares as at 31 December 2021;
- (b) the Proposed Increase in Registered Capital and the Proposed IPT Transactions had been completed on 31 December 2021 for the purposes of computing the *pro forma* financial effects on the net tangible assets (“**NTA**”) of the Group; and
- (c) the Proposed Increase in Registered Capital and the Proposed IPT Transactions had been completed on 1 January 2021 for the purposes of computing the *pro forma* financial effects on the losses per Share (“**LPS**”) of the Group for FY2021.

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5.2. Effect on Group's NTA per Share

For illustrative purposes only, had the Proposed Increase in Registered Capital and the Proposed IPT Transactions been completed on 31 December 2021 and based on the audited consolidated financial statements of the Group for FY2021, the Proposed Increase in Registered Capital and the Proposed IPT Transactions would have had the following impact on the NTA per Share of the Group:

		Immediately before Completion	Immediately after Completion
NTA (RMB'000)⁽¹⁾	:	552,922	473,921
Number of Shares	:	203,461,883	203,461,883
NTA per Share (RMB cents)	:	271.76	232.93

Note:

(1) NTA is based on the net asset value of the Group less intangible assets.

5.3. Effect on Group's LPS

For illustrative purposes only, had the Proposed Increase in Registered Capital and the Proposed IPT Transactions been completed on 1 January 2021 and based on the audited consolidated financial statements of the Group for FY2021, the Proposed Increase in Registered Capital and the Proposed IPT Transactions would have had the following impact on the LPS of the Group:

		Immediately before Completion	Immediately after Completion
Loss attributable to Shareholders (RMB'000)	:	(23,568)	(20,067)
Number of Shares	:	203,461,883	203,461,883
LPS (RMB cents)	:	(11.58)	(9.86)

6. APPLICATION OF CHAPTER 9 OF THE CATALIST RULES – THE PROPOSED IPT TRANSACTIONS AS INTERESTED PERSON TRANSACTIONS

6.1. Interested person transactions

Under the definitions given in Chapter 9 of the Catalist Rules, an “interested person” means a director, chief executive officer or controlling shareholder of the issuer, or an Associate of such director, chief executive officer or controlling shareholder. A controlling shareholder is defined in the Catalist Rules as a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company. An associate in relation to a controlling

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shareholder (being an individual) means his immediate family, the trustees of any trust of which he or his immediate family together is a beneficiary or, in the case of a discretionary trust, is a discretionary object and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

Jinqiao Chemical is wholly owned by Ms Sun, who is the spouse of Mr Gu, the Executive Director and Chief Executive Officer of the Company. Mr Gu is also a controlling shareholder of the Company with approximately 56.08% equity interest in the share capital of the Company, held through his wholly owned investment holding vehicle, Foreversun Holdings Co., Ltd.. As such, Jinqiao Chemical is an associate of Mr Gu and is thus an “interested person” under Rule 904(4) of the Catalist Rules.

The entity at risk is the China Holdco, which is the 49% joint venture entity of the Company. As at 31 December 2021, the Group’s carrying amount of investment in the China Holdco was approximately RMB513,217,000, representing 93% of the total assets of the Group.

Accordingly, each of the Proposed IPT Transactions (namely, the Proposed Debt Capitalisation Exercise and the Proposed IPT Subscription Exercise) constitutes an “interested person transaction” pursuant to Chapter 9 of the Catalist Rules.

6.2. Shareholders’ Approval for the Proposed IPT Transactions

In accordance with Rule 906(1)(a), Rule 906(1)(b) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5% of the Group’s latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction, as the case may be.

The total value of the Proposed IPT Transactions is RMB125,783,899 (equivalent to approximately S\$26.11 million), which represents approximately 22.75% of the latest audited NTA of the Group as at 31 December 2021. As the value of the Proposed IPT Transactions exceeds 5% of the Group’s latest audited NTA, pursuant to Rule 906 of the Catalist Rules, each of the Proposed IPT Transactions is subject to the approval of the Independent Shareholders being obtained at the EGM of the Company.

6.3. Total value of interested person transactions for the financial year

As at the Latest Practicable Date, the aggregate value of all interested person transactions entered into by the Group with Jinqiao Chemical for the current financial year ending 31 December 2022 (“FY2022”) is approximately RMB139,339,412 (equivalent to approximately S\$28.93 million). This amount is inclusive of the Proposed IPT Transactions.

As at the Latest Practicable Date, the aggregate value of all interested person transactions entered into by the Group for FY2022 is approximately RMB155,454,874 (equivalent to approximately S\$32.27 million).

The transactions entered into by the Group with its interested persons for FY2022 are conducted under the shareholders’ mandate for interested person transactions renewed at the Company’s annual general meeting held on 28 April 2022.

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7. OPINION OF THE IFA

- 7.1. Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to and has appointed ZICO Capital Pte. Ltd. as the independent financial adviser (“**IFA**”) to advise the Recommending Directors on whether the Proposed IPT Transactions as interested person transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- 7.2. A copy of the letter dated 19 August 2022 from the IFA to the Recommending Directors in relation to the Proposed IPT Transactions as interested person transactions (the “**IFA Letter**”), containing in full its advice, is set out in Appendix A of this Circular. Shareholders are advised to read the IFA Letter in its entirety carefully before proceeding to vote on the Ordinary Resolution relating to the Proposed IPT Transactions at the EGM.
- 7.3. Having considered carefully the information available to the IFA as at the Latest Practicable Date, and based on the IFA’s analyses, the IFA is of the opinion that on balance, the Proposed IPT Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

8. STATEMENT FROM AUDIT COMMITTEE

Having reviewed, *inter alia*, the terms and rationale of the Proposed IPT Transactions as well as the financial effects thereof, as well as the advice of the IFA, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed IPT Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

9. DIRECTORS’ RECOMMENDATIONS

- 9.1. Having fully considered, *inter alia*, the terms and rationale of the Proposed IPT Transactions, the Recommending Directors are of the opinion that the Proposed IPT Transactions are in the best interests of the Company. Accordingly, the Recommending Directors recommend that the Shareholders vote in favour of the Proposed IPT Transactions at the EGM to be convened by the Company.
- 9.2. For the avoidance of doubt, Mr Gu who is an interested person in relation to the Proposed IPT Transactions will abstain from making any recommendations to Shareholders on the Proposed IPT Transactions.

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10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The details of the Directors' and Substantial Shareholders' interests in the Shares as at the Latest Practicable Date are set out below:

	Direct interest (No. of Shares)	% ⁽¹⁾	Deemed interest (No. of Shares)	% ⁽¹⁾	Total interest (No. of Shares)	% ⁽¹⁾
Directors						
Anthony Ng Koon Leng	-	-	-	-	-	-
Gu Wen Long ⁽²⁾	-	-	114,100,000	56.08	114,100,000	56.08
Tee Tuan Sem ⁽³⁾	-	-	-	-	-	-
Xie Yu ⁽⁴⁾	1,950,000	0.96	-	-	1,950,000	0.96
Diong Tai Pew ⁽⁵⁾	676,100	0.33	-	-	676,100	0.33
Substantial Shareholders						
ForeverSun Holdings Co., Ltd. ⁽²⁾	114,100,000	56.08	-	-	114,100,000	56.08
Integrated Logistics (H.K.) Ltd. ⁽³⁾	52,500,000	25.80	-	-	52,500,000	25.80

Notes:

- (1) Based on the issued share capital of the Company of 203,461,883 Shares as at the Latest Practicable Date.
- (2) The Chief Executive Officer of the Company, Mr Gu Wen Long, holds 100% of the issued share capital of ForeverSun Holdings Co., Ltd. and is therefore deemed interested in the shares of the Company held by ForeverSun Holdings Co., Ltd., a company incorporated in the British Virgin Islands, by virtue of Section 7 of the Companies Act. The principal activity of ForeverSun Holdings is investment holding.
- (3) Mr Tee Tuan Sem, the Executive Vice Chairman of the Company, is the chief executive officer of ILB Group Berhad (formerly known as Integrated Logistics Berhad) ("ILB"), a company listed on Bursa Malaysia. ILB has a 70% indirect effective equity interest in Integrated Logistics (HK) Ltd. ("ILHK"), which is an investment holding company incorporated in Hong Kong with investments in logistics businesses in the PRC. The other 30% of ILHK is owned by Shun Hing China Investment Limited, an investment holding company that is indirectly owned by the family of Mr David Mong Tak-yeung and the estate of Dr William Wong Man-Wai. Mr David Mong Tak-yeung is not related to any of the Directors.
- (4) Mr Xie Yu, a Non-Executive Director of the Company, is holding 1,950,000 Shares through HSBC (Singapore) Nominees Pte Ltd.
- (5) Mr Diong Tai Pew, an Independent Director of the Company, is holding 104,800 Shares through OCBC Securities Private Limited and 571,300 Shares in his own name.

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Save as disclosed in this Circular, none of the Directors, Substantial Shareholders or their Associates has any direct or indirect interest in the Proposed Increase in Registered Capital and the Proposed IPT Transactions.

There are no new directors to be appointed to the Company in connection with the Proposed Increase in Registered Capital and the Proposed IPT Transactions.

11. ABSTENTION FROM VOTING

- 11.1. In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Mr Gu who is an interested person in relation to the Proposed IPT Transactions will abstain, and has undertaken to ensure that each of his Associates will abstain, from voting on the Ordinary Resolution relating to the Proposed IPT Transactions to be tabled at the EGM.
- 11.2. Further, Mr Gu undertakes to decline, and shall ensure that his Associates shall decline, to accept appointment as proxies to vote and attend at the forthcoming EGM in respect of the Ordinary Resolution relating to the Proposed IPT Transactions for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his vote is to be cast at the EGM.

12. CONSENTS

- 12.1. The IFA has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter reproduced in Appendix A and all references thereto, in the form and context in which they appear in this Circular.
- 12.2. The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Summary Valuation Letter annexed hereto as Appendix B and all references thereto, in the form and context in which they appear in this Circular.

13. EXTRAORDINARY GENERAL MEETING

13.1. Notice of EGM

The EGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be held on 5 September 2022 at 10:00 a.m. by electronic means in the manner as set out in the Notice of EGM for the purpose of considering and, if thought fit, passing, with or without modifications, the Ordinary Resolution relating to the Proposed IPT Transactions set out in the Notice of EGM.

13.2. No physical attendance at EGM

Due to the current COVID-19 restriction orders in Singapore (including under the COVID-19 (Temporary Measures) Act 2020 (the “**COVID-19 Act**”) and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**COVID-19 Order**”)), Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by:

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- (a) watching the EGM proceedings via “live” audio-visual webcast or listening to the EGM proceedings via “live” audio-only stream;
- (b) submitting questions in advance of the EGM or during the “live” audio-visual webcast of the EGM; and/or
- (c) voting at the EGM:
 - (i) “live” by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or
 - (ii) by appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

Please refer to Section 14 of this Circular for further details on the alternative arrangements.

In addition, Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any changes as may be announced by the Company from time to time on SGXNET.

13.3. **No Despatch of Printed Copies of Circular, Notice of EGM and Proxy Form**

No printed copies of this Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders. Copies of this Circular, the Notice of EGM and the Proxy Form will be made available via SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNET.

14. **ACTION TO BE TAKEN BY SHAREHOLDERS**

14.1. **Alternative Arrangements**

Alternative arrangements have been put in place to allow Shareholders who have pre-registered to participate at the EGM by (a) observing and/or listening to the EGM proceedings via “live” audio-visual webcast or “live” audio-only stream, (b) submitting questions relating to the Ordinary Resolution tabled for approval in advance of the EGM or during the “live” audio-visual webcast of the EGM, and/or (c) voting at the EGM (i) “live” by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM.

Shareholders may begin to pre-register for the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings and/or submit any questions that are related to the Ordinary Resolution tabled for approval via the pre-registration website at this link: <https://globalmeeting.bigbangdesign.co/hy2022egm/> (“**Pre-registration Website**”). Shareholders

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are to pre-register for the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings by 10:00 am on 31 August 2022 (the “**Registration Deadline**”). Shareholders should refer to the Notice of EGM set out in pages N-1 to N-5 of this Circular for further information, including the steps to be taken by Shareholders to participate at the EGM.

Following successful verification by the Company, a confirmation email which contains unique user credentials and/or instructions on how to join the webcast, and other relevant matters (the “**Confirmation Email**”) will be sent to authenticated Shareholders who have been pre-registered for the EGM by the Registration Deadline at the email specified in their pre-registration details.

Shareholders who do not receive a Confirmation Email by 10:00 am on 4 September 2022, but have registered by the Registration Deadline, should contact the Company via email at contact@hyplc.com.

IMPORTANT NOTICE:

The Company will be conducting the EGM on 5 September 2022 at 10:00 a.m. wholly by electronic means through a “live” webcast comprising both video (audio-visual) and audio-only feeds, in accordance with the COVID-19 Order and the Joint Statement of the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation (updated on 4 February 2022) titled “Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation”.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and any prevailing guidelines issued by the government authorities, and the Company may be required to change its EGM arrangements at short notice. **Shareholders should check the Company’s announcements on SGXNET for any updates in relation to the EGM.**

14.2. **Submission of Shareholders’ queries**

Submission of Shareholders’ queries in advance

After publication of the Notice of EGM, Shareholders will be allowed at least seven (7) calendar days to submit their questions. All substantial and relevant questions received from Shareholders prior to the EGM will be addressed by the Board and/or management before 10:00 a.m. on 1 September 2022, being 48 hours prior to the closing date and time for the lodgement of the Proxy Forms.

All questions must be submitted by no later than 6:00 p.m. on 26 August 2022:

- (a) **via the Pre-registration Website** at the URL <https://globalmeeting.bigbangdesign.co/hy2022egm/>;
- (b) in hard copy **by post** to the registered address of the Company at 10 Anson Road, #25-06 International Plaza, Singapore 079903; or
- (c) **via email** to hengyang.sg@hyplc.com.

For verification purposes, when submitting any questions by post or via email, Shareholders **MUST** provide the Company with their particulars (comprising full name (for individuals) / company name

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(for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of Shares held).

Substantial and relevant questions which are submitted after 6:00 p.m. on 26 August 2022 will be consolidated and addressed either before the EGM via an announcement on SGXNET or at the EGM. The minutes of the EGM, which include responses to substantial queries from the Shareholders which are addressed during the EGM, shall thereafter be published on SGXNET, within one month from the conclusion of the EGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including investors who hold shares under the Central Provident Fund Investment Scheme (“CPF”) and/or the Supplementary Retirement Scheme (“SRS”, and such investors the “CPF/SRS Investors”), can submit their questions in relation to the Ordinary Resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, Shareholders are strongly encouraged to submit their questions electronically via email.

Submission of Shareholders' queries during the EGM

Authenticated Shareholders who have been pre-registered for the EGM by the Registration Deadline will be able to ask questions relating to the Ordinary Resolution to be tabled for approval at the EGM during the EGM by submitting text or video questions via the “Q&A” window/tab and then clicking “Ask a Question” to input queries in the questions text box. The Company will endeavour to respond to such queries during the EGM as far as reasonably practicable.

14.3. **Voting “live” at the EGM or by Proxy**

Shareholders who wish to exercise their voting rights at the EGM may:

- (a) (where such Shareholders are individuals) vote “live” via electronic means at the EGM or (whether such Shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the EGM) to vote “live” via electronic means at the EGM on their behalf; or
- (b) (whether such Shareholders are individuals or corporates) appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM.

For the avoidance of doubt, CPF/SRS Investors will not be able to appoint third party proxy(ies) (that is, persons other than the Chairman of the EGM) to vote “live” at the EGM on their behalf.

Pre-registration required for Shareholders and proxies

All Shareholders as well as CPF/SRS Investors who wish to attend the EGM must pre-register online at the Pre-registration Website at <https://globalmeeting.bigbangdesign.co/hy2022egm/> by the Registration Deadline for verification purposes.

LETTER TO SHAREHOLDERS

Shareholders who are appointing proxyholder(s) (other than the Chairman of the EGM) to attend the EGM should inform his or her proxyholder(s) to pre-register via the Pre-registration Website at <https://globalmeeting.bigbangdesign.co/hy2022egm/> by the Registration Deadline, failing which the appointment shall be invalid.

Authenticated shareholders, proxyholders and CPF/SRS Investors will be provided with a Confirmation Email via the email address provided during pre-registration. Shareholders, proxyholders, CPF and SRS Investors who have pre-registered by the Registration Deadline but have not received the Confirmation Email by 10:00 am on 4 September 2022 should immediately contact the Company via email at contact@hyplc.com.

Submission of Proxy Form

In relation to the appointment of proxy(ies) to attend and vote on behalf of the Shareholder at the EGM, Shareholders should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible by completing and submitting the Proxy Form to the Company in the following manner:

- (a) if submitted by post, be mailed to or deposited at the office of the Company's share registrar (that is, Boardroom Corporate & Advisory Services Pte. Ltd.) (the "**Share Registrar**"), at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to the Company at srs.teamd@boardroomlimited.com,

in either case not later than 48 hours before the time fixed for holding the EGM, which is 3 September 2022 at 10:00 a.m..

The Proxy Form is not valid for use by investors and shall be ineffective for all intents and purposes if used or purported to be used by them. A CPF/SRS Investor may: (1) vote "live" via electronic means at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (2) appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10:00 a.m. on 25 August 2022, being seven (7) working days before the date of the EGM.

In view of the current COVID-19 measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email. The Company thanks Shareholders for their patience, understanding and cooperation in this regard.

Shareholders (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy Form, failing which the appointment will be treated as invalid.

If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

The Company shall be entitled to reject a Proxy Form if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of

LETTER TO SHAREHOLDERS

the appointor specified in the Proxy Form (such as in the case the appointor submits more than one instrument of proxy).

Depositors

A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he/she is shown to have Shares entered against his/her name in the Depository Register as certified by CDP to the Company at least 72 hours before the EGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Increase in Registered Capital, the Proposed IPT Transactions, the Company and its subsidiaries (including its joint venture company, that is, the China Holdco), and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted or reproduced 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 Circular in its proper form and context.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10 Anson Road, #25-06 International Plaza, Singapore 079903, during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the IFA Letter;
- (b) the Summary Valuation Letter (and the underlying Valuation Report); and
- (c) the letters of consent from the IFA and the Valuer.

Yours faithfully,

For and on behalf of the Board of
HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Anthony Ng Koon Leng

Non-Executive Independent Chairman of the Board

APPENDIX A – IFA LETTER

19 August 2022

To: Non-Interested Directors in relation to the Proposed Debt Capitalisation Exercise and Proposed IPT Subscription Exercise

Mr Anthony Ng Koon Leng
Mr Tee Tuan Sem
Mr Xie Yu
Mr Diong Tai Pew

Non-Executive Independent Chairman of the Board
Vice Chairman and Executive Director
Non-Executive Director
Lead Independent Director

Dear Sirs,

THE PROPOSED DEBT CAPITALISATION EXERCISE AND PROPOSED IPT SUBSCRIPTION EXERCISE, AS INTERESTED PERSON TRANSACTIONS

Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as defined in the circular to shareholders (“Shareholders”) of Hengyang Petrochemical Logistics Limited (the “Company” and together with its subsidiaries, the “Group”) dated 19 August 2022.

1. INTRODUCTION

Jiangyin Foreversun Chemical Logistics Co., Ltd. (the “China Holdco”) is a 49%-owned joint venture of Hengyang Holding Pte. Ltd. (“HHPL”) which is in turn a wholly-owned subsidiary of the Company. The China Holdco intends to increase its registered capital by RMB160.00 million (equivalent to approximately US\$23.84 million or approximately S\$33.22 million), from US\$123,041,800 (equivalent to approximately S\$171.42 million) to US\$146,881,833 (equivalent to approximately S\$204.64 million) (the “Proposed Increase in Registered Capital”). The total consideration for the Proposed Increase in Registered Capital is RMB268.80 million (equivalent to approximately US\$40.05 million or approximately S\$55.80 million) (the “Consideration”), which represents a share premium of RMB108.80 million (equivalent to approximately US\$16.21 million or approximately S\$22.59 million) over the additional registered capital of RMB160.00 million (equivalent to approximately US\$23.84 million or approximately S\$33.22 million).

The Proposed Increase in Registered Capital would entail (i) the capitalisation of an outstanding loan of RMB110.9 million (equivalent to approximately US\$16.52 million or approximately S\$23.02 million) (the “Debt Amount”) as at the Latest Practicable Date due from the China Holdco to Jiangyin Golden Bridge Chemical Co., Ltd. (“Jinqiao Chemical”) (the “Proposed Debt Capitalisation Exercise”) and the cash injection of RMB 14.9 million (equivalent to approximately US\$2.22 million or approximately S\$3.09 million) by Jinqiao Chemical, to subscribe for new registered capital in the China Holdco (the “Proposed IPT Subscription Exercise”); (ii) cash injection of RMB134.4 million by Sinopec Chemical Sales Company Limited (“Sinopec”); and (iii) cash injection of RMB8.6 million by HHPL.

Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of Mr Gu Wen Long (“Mr Gu”) who is the Executive Director and Chief Executive Officer of the Company. Mr Gu is also a controlling shareholder of the Company, with 56.08% interest in the share capital of the Company through his

wholly-owned company, Foreversun Holdings Co., Ltd.. Accordingly, Jinqiao Chemical is an associate of Mr Gu and is classified as an ‘interested person’ under Rule 904(4) of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The Proposed Debt Capitalisation Exercise and the Proposed IPT Subscription Exercise will thus constitute an “interested person transaction” pursuant to Chapter 9 of the Catalist Rules, for which the approval of shareholders of the Company (the “**Shareholders**”) who have no interest in the Proposed IPT Transactions (the “**Independent Shareholders**”) is required. The Proposed Debt Capitalisation Exercise and the Proposed IPT Subscription Exercise shall hereafter collectively be referred to as the “**Proposed IPT Transactions**”.

ZICO Capital Pte. Ltd. (“**ZICO Capital**”) has been appointed by the Company as the Independent Financial Adviser (“**IFA**”) to advise the directors of the Company who are considered independent for the purposes of the Proposed IPT Transactions, namely Mr Anthony Ng Koon Leng, Mr Tee Tuan Sem, Mr Xie Yu and Mr Diong Tai Pew (“**Non-Interested Directors**”), for the purposes of making their recommendation to the independent Shareholders in respect of the Proposed IPT Transactions.

This IFA letter (“**IFA Letter**”) has been prepared pursuant to Chapter 9 of the Catalist Rules to provide an opinion on whether the Proposed IPT Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This IFA Letter forms part of the Circular to be despatched to Shareholders in relation to, amongst others, the Proposed IPT Transactions, and should be read in its entirety.

2. **TERMS OF REFERENCE**

ZICO Capital has been appointed as the IFA to advise the Non-Interested Directors in respect of the Proposed IPT Transactions.

We have confined our evaluation and analysis of the Proposed IPT Transactions to the financial terms thereof. Our terms of reference do not require us to evaluate or comment on the rationale for, legal and commercial risks and/or merits (if any) of the Proposed IPT Transactions, or on the future financial performance or prospects of the Group and we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the directors (the “**Directors**”) and the management (the “**Management**”) of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our recommendation as set out in this IFA Letter.

We are not and were not involved in nor were we responsible for, in any aspect, the negotiations pertaining to the Proposed IPT Transactions. We were also not involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed IPT Transactions. We do not, by this IFA Letter, warrant the merits of the Proposed IPT Transactions other than to express an opinion on whether the Proposed IPT Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In the course of our evaluation of the Proposed IPT Transactions, we have held discussions with the Directors and the Management. We have also examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors and the Management, including information contained in the Circular. We have relied on, and assumed without independent verification, the accuracy and completeness of such information, whether written or verbal, and accordingly cannot and do not make any warranty or representation, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information or representations. Whilst care has been exercised in reviewing the

information upon which we have relied, we have not independently verified such information but nevertheless have made reasonable enquiries and exercised judgement on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information upon which we have relied.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated detailed supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material aspects. The Directors have confirmed to us that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed IPT Transactions and the Group, and there is no other information or fact, the omission of which would cause any statement in the Circular in respect of the Proposed IPT Transactions and the Group to be inaccurate, incomplete or misleading in any material respect. Where information in the Circular 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 the Circular in its proper form and context.

For the purposes of assessing the Proposed IPT Transactions and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company or the Group.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, property, plant and equipment and land use rights and prepaid expenses in relation to improvements to production facilities) of the China Holdco and together with its subsidiaries, the **“China Holdco Group”**. We have not been furnished with any such evaluation or appraisal, except for the asset valuation report of the China Holdco Group in respect of its material assets (comprising properties, plant and equipment, land use rights and prepaid expenses in relation to improvements to production facilities) (**“Material Assets”**), from Shanghai Orient Certified Appraisal Co., Ltd. which is the independent professional valuer (**“Independent Valuer”**) appointed by the China Holdco in connection with the Proposed Increase in Registered Capital (**“Valuation Report”**). A summary of the Valuation Report is reproduced as Appendix B of the Circular and a copy of the Valuation Report would be made available to the Shareholders for inspection at the registered office of the Company. We are not experts in the evaluation or appraisal of the assets/business concerned and we have placed sole reliance thereon for the valuation and information contained in the Valuation Report. We are not involved in the preparation of, and assume no responsibility for, the Valuation Report. We have also not made any independent verification of the contents thereof.

Our recommendations are based upon market, economic, industry and other conditions prevailing, as well as information made available to us, as at 11 August 2022 (the **“Latest Practicable Date”**). Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent developments after the Latest Practicable Date that may affect our recommendations contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed IPT Transactions, which may be released after the Latest Practicable Date.

In rendering our advice and providing our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. We recommend that any Shareholder who may require specific advice in

relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

The Company has been advised by its own legal advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter).

We have prepared this IFA Letter for the use by the Non-Interested Directors in connection with their consideration of the Proposed IPT Transactions, but any recommendations made by the Non-Interested Directors in respect of the Proposed IPT Transactions shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Proposed IPT Transactions) at any time and in any manner without the prior written consent of ZICO Capital. Our opinion in relation to the Proposed IPT Transactions should be considered in the context of the entirety of this IFA Letter and the Circular.

3. THE PROPOSED INCREASE IN REGISTERED CAPITAL

3.1 OVERVIEW

The Consideration for the Proposed Increase in Registered Capital is intended to be undertaken in the following manner:

- (a) HHPL will inject cash of RMB8,616,101 (equivalent to approximately US\$1.28 million or approximately S\$1.79 million) into the China Holdco.
- (b) Sinopec will inject cash of RMB134,400,000 (equivalent to approximately US\$20.03 million or approximately S\$27.90 million) into the China Holdco.
- (c) Proposed IPT Transactions

The amount allocated to the registered capital and share premium of the China Holdco arising from the Consideration for the Proposed Increase in Registered Capital are as follows:

	Consideration (RMB)	Amount to be allocated to registered capital (RMB)	Amount to be allocated to share premium (RMB)
HHPL	8,616,101 (in cash)	5,128,632	3,487,469
Sinopec	134,400,000 (in cash)	80,000,000	54,400,000

	Consideration (RMB)	Amount to be allocated to registered capital (RMB)	Amount to be allocated to share premium (RMB)
Jinqiao Chemical	125,783,899 (through the Proposed IPT Subscription Exercise and through the Proposed Debt Capitalisation Exercise)	74,871,368	50,912,531
Total	268,800,000	160,000,000	108,800,000

The changes to the registered capital of the China Holdco arising from the Proposed Increase in Registered Capital are as follows:

Name of shareholder	Registered capital (US\$'000)	
	Before the Proposed Increase in Registered Capital	After the Proposed Increase in Registered Capital
HHPL	60,290.70	61,054.87
Sinopec	60,290.70	72,210.72
CITIC Port Investment Co., Ltd. ("CITIC Port")	2,460.40	2,460.40
Jinqiao Chemical	NIL	11,155.85
Total	123,041.80	146,881.84

Following the completion of the Proposed Increase in Registered Capital and the Proposed IPT Transactions ("**Completion**"), the equity holding structure of the China Holdco will be as follows:

Name of shareholder	Percentage of equity interest in the China Holdco immediately before Completion	Percentage of equity interest in the China Holdco immediately after Completion
HHPL	49%	41.57%
Sinopec	49%	49.16%
CITIC Port	2%	1.68%

Jinqiao Chemical	NIL	7.59%
Total	100%	100%

Information on China Holdco

The China Holdco is a limited liability company incorporated in the People's Republic of China (the "PRC") on 25 November 2002 and is primarily engaged in the business of 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.

The shareholders of the China Holdco as at the Latest Practicable Date are as follows:

Name of shareholder	Percentage of equity interest in the China Holdco (%)
HHPL	49
Sinopec	49
CITIC Port	2
Total	100

Information on HHPL

HHPL is a private company limited by shares incorporated in Singapore on 5 May 2008 and is a wholly-owned subsidiary of the Company. HHPL is in the business of building, owning and operating petrochemical terminals, including petrochemical port facilities and petrochemical and oil product storage tanks, providing warehousing and logistics services for third parties and land transportation.

As at the Latest Practicable Date, HHPL owns 49% of the equity interest in the China Holdco.

Information on Sinopec

Sinopec is a limited liability company incorporated under the laws of the PRC and is a state-owned enterprise. Sinopec is a wholly-owned subsidiary of China Petroleum & Chemical Corporation, a state-owned enterprise listed on the Hong Kong Stock Exchange. China Petroleum & Chemical Corporation and its subsidiaries are principally engaged in 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 products; and (3) the production and sale of chemicals.

On 24 September 2021, Sinopec acquired 49% of the equity interest in the China Holdco from CITIC Port, following which Sinopec became the 49% shareholder of the China Holdco.

Information on CITIC Port

CITIC Port is a limited liability company incorporated under the laws of the PRC in March 2006 and is a state-owned enterprise. CITIC Port is a joint investment between CITIC Xingye Investment Group Co., Ltd. and CITIC Xingye Investment Ningbo Co., Ltd. CITIC Port is the operation platform of CITIC Xingye Investment Co., Ltd.'s port business.

CITIC Port became the 49% shareholder of the China Holdco in May 2017 and sold its 49% equity interest in the China Holdco to Sinopec in September 2021.

HHPL transferred 2% equity interest in the China Holdco to CITIC Port for a nominal consideration in September 2021 so that the China Holdco can comply with the loan covenant of its material bank loans. For more information, please refer to the Company's announcement dated 1 September 2021.

Information on Jinqiao Chemical

Jinqiao Chemical was established in 2000 in the PRC and is engaged in the business of chemical import and export, distribution by sea and river transportation. Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of Mr Gu, who is the Executive Director and Chief Executive Officer of the Company. Mr Gu is also a controlling shareholder of the Company, with 56.08% interest in the share capital of the Company through his wholly-owned company, Foreversun Holdings Co., Ltd..

3.2 PROPOSED IPT TRANSACTIONS

3.2.1 Proposed Debt Capitalisation Exercise

Jinqiao Chemical has been extending loans to the China Holdco since 2012. As at the Latest Practicable Date, the Debt Amount that remains due from China Holdco to Jinqiao Chemical amounted to RMB110,886,402 (equivalent to approximately US\$16.52 million or approximately S\$23.02 million). Pursuant to the Proposed Debt Capitalisation Exercise, the Debt Amount will be fully capitalised.

3.2.2 Proposed IPT Subscription Exercise

Pursuant to the IPT Subscription Exercise, Jinqiao Chemical will subscribe for new registered capital in the China Holdco through the injection of cash of RMB14,897,497 (equivalent to approximately US\$2.22 million or approximately S\$3.09 million).

4. EVALUATION OF THE PROPOSED IPT TRANSACTIONS

In our evaluation of the Proposed IPT Transactions, we have considered the following:

- (a) rationale for the Proposed Increase in Registered Capital and the Proposed IPT Transactions;
- (b) financial performance of the China Holdco Group;
- (c) consideration for the Proposed IPT Transactions;
- (d) net asset value (“NAV”) and net tangible asset (“NTA”) analysis of China Holdco Group;
- (e) revalued net asset value (“RNAV”) and revalued net tangible asset (“RNTA”) analysis of China Holdco Group;
- (f) comparison with valuation multiples of Comparable Companies;
- (g) pro forma financial effects of the Proposed Increase in Registered Capital and the Proposed IPT Transactions; and
- (h) other relevant considerations.

4.1 RATIONALE FOR THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED IPT TRANSACTIONS

The Proposed Increase in Registered Capital will strengthen the financial position of the China Holdco and allow it to be in a better position to expand its business in the PRC. The China Holdco has recently completed the acquisition of 49% equity interest in Odfjell Nangang Terminals (Tianjin) Co., Ltd. (“**Tianjin Odfjell**”) in June 2022, and is in the process of completing the proposed acquisition of an additional 21% equity interest in Tianjin Odfjell (the “**21% Acquisition**”) for a consideration of RMB22,502,600 (equivalent to approximately S\$4,603,359). Shareholders may refer to the Company’s circular to Shareholders dated 8 July 2022 and the Company’s announcements dated 30 June 2022, 25 July 2022 and 15 August 2022 for further details on the 21% Acquisition. The China Holdco will be depleting a substantial portion of its cash reserves to settle the consideration for the 21% Acquisition.

The Proposed Debt Capitalisation Exercise will improve the debt to equity gearing ratio of the China Holdco from 2.04 times to 1.52 times (based on the unaudited consolidated financial statements of the China Holdco as at 30 June 2022). In addition, as at 30 June 2022, the Company only had cash and cash equivalents of RMB39.85 million (equivalent to approximately S\$8.27 million), of which RMB8.94 million in the form of bank guarantee deposit cannot be used. Following the cash injection into the China Holdco by HHPL, the Company will have usable cash and cash equivalents of RMB22.30 million (equivalent to approximately S\$4.62 million). As the Company needs to preserve cash for its working capital for the next three to five years, HHPL will only be injecting cash of RMB8.62 million (equivalent to approximately S\$1.79 million) into the China Holdco as part of the Proposed Increase in Registered Capital.

Accordingly, the Board believes that the Proposed Increase in Registered Capital and the Proposed IPT Transactions are in the interests of the Group and the Shareholders in the long run. The Proposed Increase in Registered Capital and the Proposed IPT Transactions are undertaken pursuant to a strategic review of the financial position, operational needs, long-term strategy and direction of the Group.

4.2 FINANCIAL PERFORMANCE OF THE CHINA HOLDCO GROUP

4.2.1 Review of Operating Results

(RMB' million)	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Revenue ⁽¹⁾	1,024.0	344.1 ⁽¹⁾	447.1
Gross Profit	27.6	103.4	104.9
Administrative and other expenses	(61.0)	(61.9)	(71.1)
Finance costs	(31.4)	(43.1)	(64.7)
Profit / (Loss) attributable to China HoldCo	(65.6)	(5.9)	(3.2)

Note:

- (1) Revenue from the Company’s annual report for the financial year ended 31 December 2021 (“**FY2021**”), which has been adjusted to take into account the disposal of the Company’s 85% interest in Jiangsu Xinheng Supply Chain Management Service Co., Ltd. (“**Jiangsu Xinheng**”) (“**Disposal**”) in FY2021.

Revenue

China Holdco Group is engaged in the provision of (i) petrochemical storage solutions such as whole-tank and spot leasing services for a period of time in its storage locations in the PRC ("**Storage Service Segment**"); (ii) land transportation services for petrochemicals through its distribution networks in the PRC ("**Transportation Segment**"); and (iii) supply chain management, freight agent, cargo stowage, normal goods storage, sale of chemical products, information technology advisory services and business advisory services ("**Logistics Service Segment**").

Revenue decreased by 66.4%, from RMB1,024.0 million in financial year ended 31 December 2019 ("**FY2019**") to RMB344.1 million in financial year ended 31 December 2020 ("**FY2020**"), mainly due to the Disposal which resulted in Jiangsu Xinheng's revenue to be excluded in China Holdco's financials. Revenue increased by 29.9% to RMB447.1 million in FY2021, mainly due to increased revenue from the Storage Service Segment attributable to an increase in revenue from Deqiao Logistics Co.,Ltd. ("**Deqiao**") with the resumption of operations in September 2020 and Yueyang Hengyang Petrochemical Logistics Co., Ltd. ("**Yueyang Hengyang**") achieving pre-pandemic revenue level. This was partially offset by a decrease in revenue from Jiangyin Foreversun Chemical Logistics Co., Ltd., as a result of the decrease in capacity utilization.

Gross Profit

Gross Profit increased by RMB75.8 million, from RMB27.6 million in FY2019 to RMB103.4 million in FY2020, mainly due to an increase in revenue from the Storage Service Segment. Gross Profit further increased to RMB104.9 million in FY2021, mainly due to an increase in revenue from both the Storage Service Segment and Transportation Segment. Gross profit margin increased from 2.7% in FY2019 to 30.0% in FY2020 mainly due to an increase in revenue from Storage Service Segment that has better margins compared to the other segments. Gross profit margin decreased from 30.0% in FY2020 to 23.5% in FY2021 mainly due to a higher proportion of revenue from Transportation Segment that has lower gross profit margin as compared to Storage Service Segment.

Administrative and other expenses

Administrative and other expenses increased by RMB0.9 million, from RMB61.0 million in FY2019 to RMB61.9 million in FY2020 and further increased to RMB71.1 million in FY2021, mainly due to an increase in manpower costs and sales-related expenses with the resumption of Deqiao's operation in September 2020.

Finance costs

Finance costs increased by RMB11.7 million, from RMB31.4 million in FY2019 to RMB43.1 million in FY2020. The increase was mainly due to an increase in loan utilization. Finance costs further increased to RMB64.7 million in FY2021, mainly due to the borrowing costs of Deqiao's facility which was previously capitalised but now expensed off since its resumption of operation.

4.2.2 Review of financial position

(RMB' million)	As at 30 June 2022 (Unaudited)
Current assets	119.4
Non-current assets	2,739.1
Current liabilities	300.9

(RMB' million)	As at 30 June 2022 (Unaudited)
Non-current liabilities	1,642.3
Net asset value	915.3
Net asset value (excluding non-controlling interests)	916.4
Working capital	(181.5)

As at 30 June 2022, the unaudited NAV of the China Holdco Group (excluding non-controlling interests) was approximately RMB916.4 million.

We note that the assets of the China Holdco Group comprised mainly property, plant and equipment and land use rights which represented approximately 85.6% and 8.8% of the total assets of the China Holdco Group as at 30 June 2022.

The liabilities of the China Holdco Group comprised mainly bank borrowings which represented approximately 82.9% of the total liabilities of the China Holdco Group as at 30 June 2022.

4.3 CONSIDERATION FOR THE PROPOSED IPT TRANSACTIONS

The basis for determining the consideration to be paid by Jinqiao Chemical for the registered capital in China Holdco pursuant to the Proposed IPT Transactions is the same as Sinopec and HHPL pursuant to their respective cash injections for the Proposed Increase in Registered Capital. Sinopec is not related, directly or indirectly, to the directors or substantial Shareholders of the Company.

4.4 NAV AND NTA ANALYSIS OF CHINA HOLDCO GROUP

China Holdco Group did not have intangible assets as at 30 June 2022, and accordingly, China Holdco Group's NTA would be similar to its NAV as at 30 June 2022.

We note that the consideration in respect of the Proposed IPT Transactions of RMB125.8 million represents a premium of approximately 80.7% to the NAV or NTA in respect of 7.6% of the China Holdco as at 30 June 2022.

4.5 RNAV AND RNTA ANALYSIS OF CHINA HOLDCO GROUP

For the purposes of the Proposed IPT Transactions, China Holdco has appointed Shanghai Orient Certified Appraisal Co., Ltd. to perform an independent valuation of the Material Assets, which are the main assets of the China Holdco Group. The Material Assets consists of non-current assets, namely the property, plant and equipment (which includes (i) fixed assets such as buildings and equipment, and (ii) construction in progress), land use rights and prepaid expenses in relation to improvements to production facilities.

The Valuation Report was prepared in accordance with the Asset Valuation Basic Standards issued by the Ministry of Finance of the PRC as well as the Professional Ethics of Assets Appraisal, and various practicing standards and guidance issued by the China Appraisal Society. The Independent Valuer has assessed the market value of the Material Assets to be RMB2,774.6 million ("**Market Value**") as at 31 March 2022 ("**Valuation Date**").

In arriving at the Market Value of the Material Assets, each of the Material Assets for each of the China Holdco's subsidiary was appraised separately and the sum of the Material Assets in each subsidiary's valuation would equate to the Market Value.

Market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. This approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Property plant and equipment

The cost approach was used to value property plant and equipment by estimating the current cost of replacing the assets less deductions for physical deterioration and all relevant forms of obsolescence.

Construction in Progress

The cost approach was used to value construction in progress and is calculated according to the costs incurred to construct the asset plus the cost of capital.

Land use rights

For land use right of Chongqing New Hengyang Storage and Transportation Co., Ltd., the *benchmark land price revision approach* and the *cost approach* were considered, and the *benchmark land price revision approach* was finally adopted to determine the market value.

For land use rights of Jiangsu Deqiao Warehousing Co., Ltd. and Jingjiang Shuangjiang Port Co., Ltd., the *benchmark land price revision approach* and the *market approach* were considered, and the *market approach* was finally adopted to determine the market value.

For land use right of Jiangyin Foreversun Chemical Logistics Co., Ltd., Wuhan Hengyang Chemical Storage and Transportation Co., Ltd. and Yueyang Hengyang Chemical Storage and Transportation Co., Ltd., the *market approach* was adopted to determine the market value.

The benchmark land price revision approach was adopted by making adjustments to the range of benchmark land price grades formulated by the government taking into consideration factors such as date correction factor, regional factors (transportation, infrastructure, industrial agglomeration), individual factors (land shape, land area, geological condition, etc.), volume ratio correction factor, land use life correction factor and land development degree correction factor.

The cost approach takes into account all costs incurred to purchase the land use rights and reasonable return to be calculated on total investment in land development.

The market approach was adopted by comparing the land use rights with identical or similar assets for which price information is available, and adjustments can be made for time, size, location and other relevant factors when comparing the data against the land use rights.

Prepaid Expenses in relation to improvements to production facilities

Prepaid expenses relate to renovation costs for buildings and equipment. The appraised value for the pre-paid expenses is zero as at the Valuation Date.

Taking into account the Market Value of the Material Assets, we have made the following adjustments to derive the RNAV of China Holdco Group as at 30 June 2022 as follows:

	(RMB' million)
Unaudited NAV as at 30 June 2022	916.4
Net revaluation surplus for Material Assets ⁽¹⁾	164.3
Unaudited RNAV as at 30 June 2022	<u>1,080.7</u>

Note:

- (1) The net revaluation surplus for the Material Assets arising from the valuation of the Material Assets by Shanghai Orient Certified Appraisal Co., Ltd. is RMB164.3 million, based on the book value of the Material Assets (other than construction in progress) as at 30 June 2022 and the book value of construction in progress as at 31 March 2022.

As the China Holdco Group did not have intangible assets as at 30 June 2022, the RNTA of China Holdco Group would be similar to its RNAV as at 30 June 2022.

The consideration for the Proposed IPT Transactions would represent a premium of approximately 53.2% to the unaudited RNAV or RNTA in respect of 7.6% of the China Holdco as at 30 June 2022.

We also considered whether there are any factors which have not been otherwise disclosed in the financial statements of the China Holdco that are likely to impact its NAV as at 30 June 2022. In this regard, the Directors and the Management have confirmed to us that as at the Latest Practicable Date and to the best of their knowledge and belief:

- (i) there are no material changes to the China Holdco Group's market value of Material Assets from Valuation Date to the Latest Practicable Date;
- (ii) there are no material differences between the market value and book value for China Holdco Group's additional construction in progress recognised during the period from 1 April 2022 to 30 June 2022;
- (iii) there are no material changes to the China Holdco Group's business operations since 30 June 2022 and up to the Latest Practicable Date, which would result in material impact on the overall financial performance of the China Holdco Group;
- (iv) save for the revaluation surplus/ deficit based on the valuation ascribed by the Independent Valuer in the Valuation Report, there is no material difference between the realizable value of the China Holdco Group's assets and their respective book values as at 30 June 2022, which would result in a material impact on the NAV of the China Holdco Group;
- (v) there are no liabilities which values would be materially different from those recorded in the unaudited statement of financial position of the China Holdco Group as at 30 June 2022;
- (vi) there are no contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the China Holdco Group as at Latest Practicable Date;
- (vii) there are no litigation, claims or proceedings pending or threatened against the China Holdco Group or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the China Holdco Group as at 30 June 2022;
- (viii) there are no intangible assets which ought to be disclosed in the statement of financial position of the China Holdco Group as at 30 June 2022 and which have not been disclosed and where such intangible assets would have had a material impact on the overall financial position of the China Holdco Group as at 30 June 2022; and

- (ix) there are no material acquisitions or disposals of assets by the China Holdco Group since 30 June 2022 and up to the Latest Practicable Date. As disclosed by the Company in its announcements dated 30 June 2022, 25 July 2022 and 15 August 2022, and the Company's circular dated 8 July 2022, the China Holdco is in the process of completing the 21% Acquisition. However, as at the Latest Practicable Date, the 21% Acquisition has not been completed and accordingly, there is no material impact to the net asset value of the China Holdco Group since 30 June 2022 and up to the Latest Practicable Date arising from the 21% Acquisition.

4.6 COMPARISON WITH VALUATION MULTIPLES OF COMPARABLE COMPANIES

In assessing the Proposed IPT Transactions, we have made comparisons with companies listed in the Greater China region (such as PRC, Hong Kong, Macau and Taiwan) which businesses are broadly comparable to the business activities of the China Holdco Group ("**Comparable Companies**"). We have had discussions with the Management who concurred with us on the suitability of these companies acting as a basis of comparison with the China Holdco.

We wish to highlight that the list of Comparable Companies is not exhaustive. Furthermore, the Comparable Companies may differ from the China Holdco in terms of, *inter alia*, composition of business activities, asset base, size of operations, geographical spread, clientele base, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

The following is a brief description of the Comparable Companies extracted from Bloomberg:

Comparable Companies	Business Description	Market Capitalisation as at Latest Practicable Date (\$ Million)
Guangdong Great River Smarter Logistics Co., Ltd (" Great River Smarter Logistics ")	Great River Smarter Logistics operates as a logistics company. It provides warehouse, loading, unloading, barrel filling, petrochemical products value added, and other services and serves customers in China and Hong Kong.	2,130.7
Zhangjiagang Freetrade Science & Technology Group Co., Ltd. (" Zhangjiagang ")	Zhangjiagang operates chemicals distribution businesses. It markets diethylene glycol, ethylene glycol, and other products and also operates warehousing and transportation business.	885.8
Zhuhai Winbase International Chemical Tank Terminal Co.Ltd (" Winbase ")	Winbase constructs and operates liquefied chemical port and storage facility. It provides cargo handling, storage and transportation services for petrochemical producers.	475.9

In our evaluation, we have considered the following widely used valuation measures:

Valuation Measure	Description
Price to Earnings (“P/E”)	<p>P/E multiple or earnings multiple is an earnings-based valuation measure, and is the ratio of a company’s share price divided by the historical or trailing 12-month earnings per share.</p> <p>The P/E ratio is affected by, inter alia, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation.</p>
Price to Net Asset Value (“P/NAV”)	<p>P/NAV multiple is an asset-based valuation measure, and is the ratio of a company’s share price divided by net asset value per share.</p> <p>The NAV of a company is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests.</p> <p>The NAV figure provides an estimate of the value of a company assuming the hypothetical sale of all its assets at its book value, the proceeds of which are first used to settle liabilities and obligations, with the balance available for distribution to shareholders. Comparisons of companies using their NAVs are affected by differences in accounting policies, in particular, depreciation and amortisation policies.</p>
Price to Net Tangible Asset (“P/NTA”)	<p>P/NTA multiple is an asset-based valuation measure, and is the ratio of a company’s share price divided by net tangible asset per share.</p> <p>The NTA of a company is defined as its total assets less any intangible assets such as goodwill, patents, and trademarks less its total liabilities and excludes, where applicable, minority interests.</p> <p>The NTA figure provides an estimate of the value of a company assuming the hypothetical sale of all its tangible assets at its book value, the proceeds of which are first used to settle liabilities and obligations, with the balance available for distribution to shareholders. Comparisons of companies using their NTAs are affected by differences in accounting policies, in particular, depreciation and amortisation policies.</p>

The following table sets out the valuation ratios of the Comparable Companies in comparison with the valuation ratios of the China HoldCo implied by the consideration for the Proposed IPT Transactions:

Comparable Companies	P/NAV (times)¹	P/NTA (times)²	P/E (times)³
Great River Smarter Logistics	3.49	5.81	38.06
Zhangjiagang	1.68	1.84	63.92
Winbase	1.52	1.71	19.17
High	3.49	5.81	63.92
Low	1.52	1.71	19.17
Mean	2.23	3.12	40.38
Median	1.68	1.84	38.06
China Holdco (as implied by the consideration)	1.81 ⁴ 1.53 ^{4,6}	1.81 ⁴ 1.53 ^{4,6}	n.m. ⁵

Source: Bloomberg L.P.

Notes:

1. P/NAV is computed using the company's market capitalisation (based on share price as at the Latest Practicable Date) divided by net asset value of the group (based on latest available financial results as at the Latest Practicable Date).
2. P/NTA is computed using the company's market capitalisation (based on share price as at the Latest Practicable Date) divided by net tangible asset value of the group (based on latest available financial results as at the Latest Practicable Date).
3. P/E is computed using the company's market capitalisation (based on share price as at the Latest Practicable Date) divided by net profit attributable to shareholders / owners of the Comparable Companies (based on latest available financial results as at the Latest Practicable Date).
4. Valuation multiples of the China Holdco Group are computed based on unaudited financial statements as at 30 June 2022.
5. "n.m." refers to "not meaningful" as China Holdco Group was in a net loss position for FY2021.
6. Calculated based on (i) consideration of RMB125.8 million for 7.6% of registered capital in China Holdco, being grossed up to 100% of registered capital in China Holdco of RMB1,656.1 million, and (ii) RNAV or RNTA of the China Holdco Group as at 30 June 2022.

As China Holdco Group was in a net loss after tax position in FY2021, it is not meaningful to compare the price-earnings ratio for China Holdco Group with the corresponding price earnings ratios of the Comparable Companies.

Based on the above, we note that:

- (a) the P/NAV multiple of the China Holdco is within the range of P/NAV multiple of the Comparable Companies, higher than the median but lower than the mean;
- (b) the P/NTA multiple of the China Holdco is within the range of P/NTA multiple of the Comparable Companies, but lower than the mean and median;
- (c) the P/RNAV multiple of the China Holdco is within the range of P/NAV multiple of the Comparable Companies, but lower than the mean and median; and
- (d) the P/RNTA multiple of the China Holdco is within the range of P/NTA multiple of the Comparable Companies, but lower than the mean and median.

4.7 PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED IPT TRANSACTIONS

The *pro forma* financial effects of the Proposed Increase in Registered Capital and the Proposed IPT Transactions are set out in Section 5 of the Circular. The *pro forma* financial effects are for illustrative purposes only and do not reflect the actual or the future financial performance and/or position of the Company or the Group immediately following the Completion. Shareholders are advised to read the relevant sections of the Circular carefully, including the assumptions set out therein.

In summary, we note the following:

- (a) Assuming that the Proposed Increase in Registered Capital and the Proposed IPT Transactions had been completed on 31 December 2021, the NTA per Share will decrease from RMB271.76 cents to RMB232.93 cents after the Proposed Increase in Registered Capital and the Proposed IPT Transactions; and
- (b) Assuming that the Proposed Increase in Registered Capital and the Proposed IPT Transactions had been completed on 1 January 2021, the loss per Share will decrease from RMB11.58 cents to RMB9.86 cents after the Proposed Increase in Registered Capital and the Proposed IPT Transactions.

4.8 OTHER RELEVANT CONSIDERATIONS

4.8.1 Outlook of China Holdco's business

The following commentary was noted in the Group's announced unaudited condensed interim financial statements for the six months ended 30 June 2022:

"The PRC's GDP increased by 2.5% in 1H2022 as compared to 1H2021. The lower increase in the PRC's GDP was largely attributable to the tightening of COVID-19 measures during 1H2022.

The China Holdco Group's operations are along the coast of Yangtze River. 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, create an overall design for a comprehensive transportation system along the Yangtze River. The China Holdco Group intends to leverage on its strategic locations to explore further business opportunities along Yangtze River.

The construction of Chongqing project is completed, and it has entered the stage of trial operation and regulatory approval is expected in the second half of 2022. The Group will continue its efforts to increase the utilisation rate of the Deqiao facility and strive to put Chongqing project into formal operation as soon as possible to improve its performance.

The outbreak of the Omicron variant of COVID-19 and the strict preventive measures implemented by the Chinese government has caused some disruptions to the operations of the China Holdco Group. As at the date of this announcement, the situation is uncertain and the Company is unable to assess the impact to the China Holdco Group."

4.8.2 Dilution impact

Following Completion, the equity holding structure of the China Holdco will be as follows:

Name of Shareholder	Percentage of equity interest in the China Holdco prior to Completion (%)	Percentage of equity interest in the China Holdco immediately after Completion ¹ (%)
HHPL	49.00	41.57
Sinopec	49.00	49.16
CITIC Port	2.00	1.68
Jinqiao Chemical	NIL	7.59
Total	100.00	100.00

Note:

- (1) The percentages were calculated based on the US\$ to RMB exchange rate as at 30 June 2022. The final percentages will be dependent on the exchange rate on the actual date of capital increase.

The aggregate shareholding interests of the minority Shareholders held through the Company's wholly owned subsidiary HHPL in China Holdco will decrease from 49.00% to 41.57% immediately after Completion.

4.8.3 Abstention from voting

Mr Gu and each of his Associates will abstain from voting on the resolutions relating to the Proposed IPT Transactions, and they will also not accept appointment as proxy to vote and attend at the EGM in respect of the resolution relating the Proposed IPT Transactions unless the Shareholder concerned has given specific instruction as to the manner in which his vote is to be cast in respect of such resolution.

5 OUR OPINION

In arriving at our opinion, we have considered the views and representations made by the Directors and the Management of the Company, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Proposed IPT Transactions.

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that on balance, the Proposed IPT Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In addition, the Non-Interested Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the commercial merits of the Proposed IPT Transactions, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of Proposed IPT Transactions vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this IFA Letter pursuant to Rule 921(4)(a) of the Catalyst Rules as well as for the use of the Non-Interested Directors in connection with their consideration of the Proposed IPT Transactions, but any recommendations made by the Non-Interested Directors in respect of the Proposed IPT Transactions shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for the purposes (other than for the consideration of the Proposed IPT Transactions) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

For and on behalf of
ZICO Capital Pte. Ltd.

Alex Tan
Chief Executive Officer

Karen Soh-Tham
Managing Director

APPENDIX B – SUMMARY VALUATION LETTER

APPENDIX A

SUMMARY OF MATERIAL ASSET VALUATION REPORT

26 July 2022

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

10 Anson Road
#25-06 International Plaza
Singapore 079903

Valuation of Material Asset of Jiangyin Foreversun Chemical Logistics Co., Ltd.

Dear Sirs:

1. Introduction

Jiangyin Foreversun Chemical Logistics Co., Ltd. intends to understand the market value of its material assets comprising fixed assets, construction in progress and land use rights. Jiangyin Foreversun Chemical Logistics Co., Ltd. has entrusted Shanghai Orient Appraisal Co., Ltd. to appraise the market value of these fixed assets, construction in progress and land use rights for value reference.

Shanghai Orient Appraisal Co., Ltd. is one of the largest professional appraisal institutions in China. It is the first large-scale Chinese funded appraisal institution in China and the first in China to formally join the International Valuation Standards Council. The company and its affiliates have all the highest-level qualification certificates in the Chinese asset appraisal industry, including undertaking securities and futures-related business qualifications. The company has a wide range of appraisal businesses, including but not limited to corporate restructuring and listing (China and overseas IPO), asset restructuring of listed companies, Sino-foreign joint ventures, restructuring of state-owned enterprises, corporate mergers and acquisitions. We have also undertaken valuation work for listed companies such as Shanghai International Airport Co., Ltd. (600009) and Titan Wind Energy (Suzhou) Co., Ltd (002531).

2. Purpose of the appraisal

The purpose of this valuation is to reflect the market value of the material assets of Jiangyin Foreversun Chemical Logistics Co., Ltd. and its subsidiaries. Jiangyin Foreversun Chemical Logistics Co., Ltd. has entrusted Shanghai Orient Appraisal Co., Ltd. to appraise the market value of its material assets which consists of non-current assets, namely the property, plant and equipment (which includes (i) fixed assets such as buildings and equipment, and (ii) construction in progress), land use rights and prepaid expenses in relation to improvements to production facilities.

3. Object and scope of the appraisal

The appraised object is the assets value of the material assets. The scope of material assets under appraisal includes non-current assets, namely the property, plant and equipment (which includes (i) fixed assets such as buildings and equipment, and (ii) construction in progress), land use rights and prepaid expenses in relation to improvements to production facilities

SUMMARY OF JIANGYIN FOREVERSUN PARTIAL ASSET VALUE VALUATION REPORT

4. Reliance on information and representation

The information used by us in preparing the Summary Valuation Report has been obtained from Jiangyin Foreversun Chemical Logistics Co., Ltd. and its subsidiaries, and other sources as indicated in this Summary Valuation Report. These include:

- a) Real Estate Ownership Certificate, House Ownership Certificate;
- b) Land Use Right Transfer Contract or Land Use Right Certificate;
- c) Motor vehicle driving license; and
- d) All other publicly available information.

5. Valuation methodology and summary results

The Valuation Report was prepared in accordance with the Asset Valuation Basic Standards issued by the Ministry of Finance of the PRC as well as the Professional Ethics of Assets Appraisal, and various practicing standards and guidance issued by the China Appraisal Society.

In arriving at the Market Value of the Material Assets, each of the Material Assets for each of the China Holdco's subsidiary was appraised separately and the sum of the Material Assets in each subsidiary's valuation would equate to the Market Value.

Market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. This approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Property plant and equipment

The cost approach was used to value property plant and equipment by estimating the current cost of replacing the assets less deductions for physical deterioration and all relevant forms of obsolescence.

Construction in Progress

The cost approach was used to value construction in progress and is calculated according to the costs incurred to construct the asset plus the cost of capital.

Land use rights

For land use right of Chongqing New Hengyang Storage and Transportation Co., Ltd., the *benchmark land price revision approach* and the *cost approach* were considered, and the *benchmark land price revision approach* was finally adopted to determine the market value.

For land use right of Jiangsu Deqiao Warehousing Co., Ltd. & Jingjiang Shuangjiang Port Co., Ltd., the *benchmark land price revision approach* and the *market approach* were considered, and the *market approach* was finally adopted to determine the market value.

For land use right of Jiangyin Foreversun Chemical Logistics Co., Ltd., Wuhan Hengyang Chemical Storage and Transportation Co., Ltd. and Yueyang Hengyang Chemical Storage

SUMMARY OF JIANGYIN FOREVERSUN PARTIAL ASSET VALUE VALUATION REPORT

and Transportation Co., Ltd., the *market approach* was adopted to determine the market value.

The benchmark land price revision approach was adopted by making adjustments to the range of the benchmark land price grades formulated by the government taking into consideration factors such as date correction factor, regional factors (transportation, infrastructure, industrial agglomeration), individual factors (land shape, land area, geological condition, etc.), volume ratio correction factor, land use life correction factor and land development degree correction factor.

The cost approach takes into account all costs incurred to purchase the land use rights and reasonable return to be calculated on total investment in land development.

The market approach was adopted by comparing the land use rights with identical or similar assets for which price information is available, and adjustments can be made for time, size, location and other relevant factors when comparing the data against the land use rights.

Prepaid Expenses in relation to improvements to production facilities

Prepaid expenses relate to renovation costs for buildings and equipment. The appraised value for the long-term deferred expenses is zero as at the Valuation Date.

In this appraisal project, the appraiser follows the following assumptions and limitations :

A) Basic Assumptions

i. Transaction hypothesis

The transaction hypothesis is to assume that all assets to be valued are already in the process of transaction, and the appraiser values them by simulating market based on the transaction conditions of the valued assets. Transaction hypothesis is the most basic premise for asset appraisal.

ii. Open-market hypothesis

The open-market hypothesis is a hypothesis about the market conditions the assets are expected to enter, and the impact on the assets under such market conditions. Open market refers to fully developed and perfect market conditions. There is a competitive market with voluntary buyers and sellers. In this market, buyers and sellers are equal in status, they have the opportunity and time to obtain sufficient market information, and the transactions between buyers and sellers are voluntary, rational, optional and unrestricted. The open-market hypothesis is based on the assumption that assets can be bought and sold publicly in the market.

iii. Hypothesis of assets continuous use on current purpose

The hypothesis of assets continuous use on current purpose is a kind of assumption about the conditions under which assets are to enter the market and the usage status of assets under such market conditions. Firstly, it is assumed that the assets within the scope of appraisal are in use. Secondly, it is assumed that the assets will continue to be used according to the current usage and mode, without considering the asset use conversion or optimum conditions.

iv. Hypothesis of assets use in the former place

The hypothesis of assets use in the former place is that the assets will remain in the original location or the original installation place for continuous use.

SUMMARY OF JIANGYIN FOREVER SUN PARTIAL ASSET VALUE VALUATION REPORT

B) General Assumptions

i. It is assumed that after the appraisal date, there won't be unpredictable material adverse change in the external economic environment such as relevant laws, macroeconomic, financial and industrial policies, nor will there be any significant impact of other force majeure events or unpredictable factors.

ii. This appraisal does not take into account the impact on the conclusion of the mortgage or guarantee that the property owner or its assets may bear in the future, or the additional price that may be paid in particular transaction.

iii. It is assumed that the socio-economic environment in which the property owner is located and the fiscal & taxation policies it applies such as taxation, tax rate and so on have no significant change. Besides, credit policy, interest rate, exchange rate and other financial policies are basically stable.

6. Conclusion

On March 31, 2022, being the appraisal date, the summary of the appraisal results is as follows:

Unit: RMB 10 Thousand

No.	Items	Book Value	Appraised value	Value Increase or Decrease	Increase/Decrease Rate %
1	Fixed assets	127,577.57	142,690.05	15,112.48	11.85
2	Construction in progress	75,624.60	76,883.77	1,259.17	1.67
3	land use rights	31,407.39	57,886.11	26,478.72	84.31
4	Long-term Deferred Expenses	3,000.91	0.00	-3,000.91	-100.00
	Total	237,610.48	277,459.93	39,849.45	16.77

7. Extraordinary Issues Disclosure

a) Certain buildings included in the appraisal scope, namely the office building of Z00 Jiangyin Foreversun Chemical Logistics Co., Ltd. and the office building and canteen of Z05.01 Jingjiang Shuangjiang Port Co., Ltd., have not yet obtained the Real Estate Ownership Certificate. The owner of the land use right is Jiangyin Foreversun Chemical Logistics Co., Ltd. or its subsidiaries. For properties that have not yet obtained a Real Estate Ownership Certificate, the construction area listed according to the data provided by the enterprise. If the Real Estate Ownership Certificate is obtained in the future, the area indicated on the certificate is different from the current area, the appraisal value shall be adjusted.

b) As of the appraisal date, the following appraisal objects have mortgages:

Z01 Chongqing New Hengyang Storage and Transportation Co., Ltd.;

Z02 Wuhan Hengyang Chemical Storage and Transportation Co., Ltd.;

Z03 Yueyang Hengyang Chemical Storage and Transportation Co., Ltd.;

Z05 Jiangsu Deqiao Warehousing Co., Ltd.;

Z05.01 Jingjiang Shuangjiang Port Co., Ltd.

This Summary Valuation Report is addressed to and intended for the use of Jiangyin Foreversun Chemical Logistics Co., Ltd. and its shareholder, Hengyang Petrochemical Logistics Limited for the purpose as set out herein. Accordingly, this Summary Valuation Report may not be used or relied upon by, nor confer any benefit to, any other person (including without limitation, the shareholders of Hengyang Petrochemical Logistics Limited). Any

SUMMARY OF JIANGYIN FOREVERSUN PARTIAL ASSET VALUE VALUATION REPORT

recommendation made by the Directors of Hengyang Petrochemical Logistics Limited ("Directors") to the shareholders of Hengyang Petrochemical Logistics Limited shall remain the responsibility of such Directors.

Yours faithfully,

For and on behalf of
Shanghai Orient Appraisal Co., Ltd.

Zhang Yongwei
Chief appraiser

NOTICE OF EXTRAORDINARY GENERAL MEETING

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

(Company Registration No. 200807923K)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Hengyang Petrochemical Logistics Limited (the “**Company**”) will be held by way of electronic means on 5 September 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolution:

ORDINARY RESOLUTION – APPROVAL OF THE PROPOSED DEBT CAPITALISATION EXERCISE AND THE PROPOSED IPT SUBSCRIPTION EXERCISE AS INTERESTED PERSON TRANSACTIONS IN CONNECTION WITH THE PROPOSED INCREASE IN THE REGISTERED CAPITAL OF JIANGYIN FOREVERSUN CHEMICAL LOGISTICS CO., LTD.

THAT:

- (a) for the purposes of Chapter 9 of the Catalist Rules, approval be and is hereby given to the Company to effect and complete the Proposed Debt Capitalisation Exercise and the Proposed IPT Subscription Exercise as interested person transactions in connection with the Proposed Increase in Registered Capital of Jiangyin Foreversun Chemical Logistics Co., Ltd. (the “**Proposed Increase in Registered Capital**”) and undertake all actions and transactions in connection therewith;
- (b) the Directors or any one of them be and is/are hereby authorised to complete and do all acts and things (including executing all such documents as may be required) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed Debt Capitalisation Exercise and the Proposed IPT Subscription Exercise in connection with the Proposed Increase in Registered Capital and/or the transactions authorised by this Ordinary Resolution; with full power to assent to any conditions, modifications, revaluations, variations including but not limited to any amendments as may be required by any relevant authority/authorities or persons.

All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular dated 19 August 2022 to shareholders of the Company in relation to the proposed increase in the registered capital of Jiangyin Foreversun Chemical Logistics Co., Ltd., and the proposed debt capitalisation exercise and proposed IPT subscription exercise in connection therewith.

By Order of the Board

Yap Lian Seng and Dr. Qiu Yang

Joint Company Secretaries

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

Shareholders of the Company (“**Shareholders**”) should take note of the following arrangements for the extraordinary general meeting (“**EGM**”) of the Company.

1. **No attendance in person:** Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to current COVID-19 situation and the Company’s efforts to minimise physical interactions and keep COVID-19 transmission risk to a minimum, the EGM of the Company will be held by way of electronic means. Shareholders will NOT be allowed to attend the EGM in person.
2. **“Live” webcast and “live” audio feed:** Shareholders will be able to watch the EGM proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone.
3. **Online Pre-registration required to attend the EGM:** All Shareholders as well as investors who hold shares of the Company (“**Shares**”) through the Central Provident Fund (“**CPF**”) or Supplementary Retirement Scheme (“**SRS**”, and such investors “**CPF/SRS Investors**”), who wish to attend the EGM must pre-register online at <https://globalmeeting.bigbangdesign.co/hy2022egm/> (“**Pre-registration Website**”) no later than 10:00 am on 31 August 2022 Singapore time (the “**Registration Deadline**”) for verification purposes. Shareholders who wish to appoint a person or persons (other than the Chairman of the EGM (“**Chairman**”)) as a proxy or proxies to attend and vote at the EGM on their behalf must pre-register their proxy(ies) for the EGM.

Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore (“**Companies Act**”)) or depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) (together, “**Relevant Intermediaries**”, and such investors “**Investors**”) (other than CPF/SRS Investors) who wish to attend the EGM should instead approach their Relevant Intermediary as soon as possible in order for the Relevant Intermediary to make the necessary arrangements to pre-register.

Following successful verification by the Company, a confirmation email which contains unique user credentials and/or instructions on how to join the webcast, and other relevant matters (the “**Confirmation Email**”) will be sent to authenticated Shareholders, proxies and Investors who have been pre-registered for the EGM by the Registration Deadline at the email specified in their pre-registration details.

Shareholders, proxies and Investors who do not receive the Confirmation Email by 10:00 am on 4 September 2022 but have been pre-registered for the EGM by the Registration Deadline should contact the Company via email at contact@hyplc.com immediately.

Submission of Questions: Shareholders who registered and have been authenticated as members of the Company will be able to ask questions relating to the resolution to be tabled for approval at the EGM during the EGM by submitting text or video questions via the “Q&A” window/tab and then clicking “Ask a Question” to input queries in the questions text box. The Company will endeavour to respond to such queries during the EGM as far as reasonably practicable. Shareholders and Investors may also submit questions in advance of the EGM. All questions, together with the full names, identification numbers, contact numbers, email addresses of the Shareholders and Investors and manner in which they hold Shares in the Company, must be submitted no later than 6:00 p.m. on 26 August 2022 via the Pre-registration Website at the URL: <https://globalmeeting.bigbangdesign.co/hy2022egm/> or via email to hengyang.sg@hyplc.com. All substantial and relevant questions received by the Company from the Shareholders prior to the deadline of 6:00 p.m. on 26 August 2022 will be addressed by the Company at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms, that is, by 10:00 a.m. on 1 September 2022. Substantial and relevant questions which are submitted after 6:00 p.m. on 26 August 2022 will be consolidated and addressed either before the EGM via an announcement on SGXNET or at the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. **Voting by Shareholders:** Shareholders who wish to exercise their voting rights at the EGM may:

- (i) (where the Shareholder is an individual) attend and vote "live" at the EGM;
- (ii) (where the Shareholder is an individual or a corporate) appoint proxy(ies) to attend and vote "live" at the EGM on their behalf; and
- (iii) (where the Shareholder is an individual or a corporate) appoint the Chairman as proxy to vote on their behalf.

"Live" voting will be conducted during the EGM. **It is important for Shareholders and proxies to have their own web-browser enabled devices ready for voting during the EGM. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.**

Shareholders and proxies may cast their votes at the EGM using the login credentials provided during pre-registration. Shareholders and proxies should therefore have their Confirmation Email containing their unique user credentials handy for reference. Instructions will be provided at the start of the EGM on how to vote. For the avoidance of doubt, "live" voting is not permissible by the audio-only feed.

5. **Appointment of Proxies:**

- (i) Shareholders who wish to appoint proxies to attend the EGM and vote "live" at the EGM on their behalf must do both of the following: (A) complete and submit the Proxy Form in accordance with the instructions below; and (B) pre-register the proxy(ies) at the Pre-registration Website by the Registration Deadline.
- (ii) As an alternative to "live" voting, Shareholders may also vote at the EGM by appointing the Chairman as proxy to vote on their behalf in respect of all the Shares held by them.

If a Shareholder wishes to appoint a proxy or proxies (including the Chairman) to vote at the EGM on their behalf, duly completed Proxy Forms must be deposited with the Company (A) via post at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, or (B) via electronic mail to srs.teamd@boardroomlimited.com enclosing a clear scanned completed and signed Proxy Form.

The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

Proxy Forms must be received by the Company by Saturday, 3 September 2022, 10:00 a.m. (Singapore time) (being 48 hours before the time appointed for the holding of the EGM). Proxy Forms can be downloaded from SGXNET (www.sgx.com). In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolution to be tabled at the EGM. If no specific direction as to voting is given, the proxy (including the Chairman if he is appointed as proxy) will vote or abstain from voting at his/her discretion. All valid votes cast via proxy on each resolution will be counted. In view of the COVID-19 situation, the Company encourages Shareholders to submit the completed and signed Proxy Form via electronic mail. The Company may reject any instrument appointing a proxy lodged if the Shareholder appointing the proxy is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM as certified by CDP to the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

A Shareholder (who is not a Relevant Intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his/her/its behalf. A proxy need not be a Shareholder. Any appointment of a proxy by a Shareholder attending the EGM shall be null and void and such proxy shall not be entitled to vote at the EGM. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he/she/it specifies the number of Shares or proportion of his/her/its shareholding to be represented by each proxy. A Shareholder who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder appoints two or more proxies, the appointments shall be invalid unless such Shareholder specifies the number of Shares to be represented by each proxy.

6. **Voting by Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors):** Investors holding Shares through Relevant Intermediaries (including CPF/SRS Investors) may exercise their votes in the following manner:
- (i) vote “live” at the EGM, if they are appointed as proxies by their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators); or
 - (ii) specify their voting instructions to/arrange for their votes to be submitted by their respective Relevant Intermediaries (including CPF Agent Banks and SRS Operators).

Investors should not make use of the Proxy Form. Only Investors that have been duly appointed as proxies by their respective Relevant Intermediary may vote “live” at the EGM.

CPF/SRS Investors who wish to exercise their votes should approach their respective CPF Agent Bank/SRS Operator at least 7 working days before the EGM (that is, by Thursday, 25 August 2022, 10:00 a.m., Singapore time).

7. **Voting Results:** An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast through “live” voting and through Proxy Forms received as of the above-mentioned deadline. The voting results will be announced during the EGM (and displayed on-screen for the “live” webcast) in respect of the resolution put to the vote at the EGM. The Company will also issue an announcement on SGXNET on the results of the resolution put to vote at the EGM.

Documents and Information Relating to the EGM

Documents and information relating to the EGM (including the Notice of EGM, Circular dated 19 August 2022 (the “Circular”) and the Proxy Form) have been published on SGXNET (www.sgx.com).

Printed copies of the Notice of EGM, the Circular and the Proxy Form will not be sent to Shareholders. In view of the evolving COVID-19 situation, Shareholders are advised to continue to check SGXNET regularly for any updates relating to the EGM.

Personal data privacy:

Where a Shareholder submits an instrument appointing the Chairman to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder (i) consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the

NOTICE OF EXTRAORDINARY GENERAL MEETING

Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

PROXY FORM

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

(Company Registration No. 200807923K)
(Incorporated in the Republic of Singapore)

IMPORTANT:

- Shareholders who wish to exercise their voting rights at the EGM may:
 - (where the Shareholder is an individual) attend and vote "live" at the EGM;
 - (where the Shareholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend and vote "live" at the EGM on their behalf; and
 - (where the Shareholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf.
- Shareholders who wish to appoint proxy(ies) (other than the Chairman of the EGM) to vote "live" at the EGM on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions in the Notes below, pre-register the proxy(ies) at the Pre-registration Website by 31 August 2022 at 10:00 am..
- For investors holding shares of Hengyang Petrochemical Logistics Limited through Relevant Intermediaries (as defined in the Notice of EGM), including CPF/SRS investors, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors who wish to exercise their voting rights should approach their Relevant Intermediary as soon as possible. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least 7 working days before the EGM (i.e. by Thursday, 25 August 2022 at 10:00 a.m.).

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, _____ (Name), NRIC/Passport number/Company registration number*
_____ of
_____ (Address)

being a registered shareholder/shareholders* in the Register of Members and/or the Depository Register ("Shareholder") of Hengyang Petrochemical Logistics Limited (the "Company"), hereby appoint:

Name	Email Address	NRIC/Passport No.	Number of Shares/Proportion of Shareholding (%)

and/or

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or failing whom, the Chairman of the Extraordinary General Meeting (the "EGM") as my/our* proxy to attend and vote for me/us* on my/our* behalf at the EGM to be held by way of electronic means on 5 September 2022 at 10:00 a.m. (Singapore time) and at any adjournment thereof. I/We* direct my/our proxy/proxies* to vote for or against or abstain from voting on the resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting or abstention is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* shall vote or abstain from voting at his/her* own discretion.

No.	Ordinary Resolution	For	Against	Abstain
1	To approve the proposed debt capitalisation exercise and the proposed IPT subscription exercise as interested person transactions in connection with the proposed increase in the registered capital of Jianguyin ForeverSun Chemical Logistics Co., Ltd.			

(If you wish your proxy/proxies to exercise all your votes "For" or "Against" or to "Abstain" from voting on the resolution proposed at the EGM, please tick [✓] within the box provided. Alternatively, if you wish your proxy/proxies to exercise your votes both "For", "Against" or to "Abstain" from voting on the proposed resolution, please indicate the number of Shares in the box provided.)

Dated this _____ day of _____ 2022

Total Number of Shares held:

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where applicable

IMPORTANT: PLEASE SEE NOTES OVERLEAF.

PROXY FORM

Notes:

1. The Proxy Form will be sent to Shareholders solely by electronic means via publication on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the proxy form will NOT be despatched to Shareholders.
2. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the EGM as a proxy shall be deemed to relate to all the Shares held by you.
3. Shareholders who wish to appoint proxy(ies) (other than the Chairman of the EGM) to vote "live" at the EGM on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions below, pre-register the proxy(ies) at <https://globalmeeting.bigbangdesign.co/hy2022egm/> (the "Pre-registration Website") by 10:00 am on 31 August 2022.
4. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for, vote against, or to abstain from voting, on the resolution. If no specific direction as to voting is given, the proxy (including the Chairman of the EGM) will vote or abstain from voting at his/her discretion.
5. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically by email.
6. A Shareholder (who is not a Relevant Intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his/her/its behalf. A proxy need not be a Shareholder. Any appointment of a proxy by a Shareholder attending the EGM shall be null and void and such proxy shall not be entitled to vote at the EGM. Where a Shareholder (other than a Relevant Intermediary) appoints two (2) proxies, the appointments shall be invalid unless he/she/it specifies the number of Shares or proportion of his/her/its shareholding to be represented by each proxy.
7. A Shareholder who is a Relevant Intermediary may appoint more than two (2) proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder appoints two (2) or more proxies, the appointments shall be invalid unless such member specifies the number of Shares to be represented by each proxy.
8. The instrument appointing a proxy must be deposited (i) by post at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (the "Share Registrar"), at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, or (ii) by electronic mail to srs.teamd@boardroomlimited.com enclosing a clear scanned completed and signed Proxy Form. The Proxy Form must be received by the Company not less than 48 hours before the time appointed for the EGM. Shareholders are strongly encouraged to submit completed Proxy Forms via email.
9. The instrument appointing a proxy must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
10. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized.
11. Where the instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) be duly stamped (if required by law) and be deposited by post to the office of the Share Registrar, or by electronic mail to srs.teamd@boardroomlimited.com, and must be received by the Company not less than 48 hours before the time for holding the EGM or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 19 August 2022.