



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER (“9M”) 2022

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

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

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

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

Accordingly, the financial statements presented herein have been prepared using the equity method of accounting in respect of the 49% interest in China Holdco held by the Company and its subsidiaries (collectively, the “Group”) and such interest has been accounted for as an investment under “Investment in Joint Venture” on the Group’s balance sheets.

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

RMB'000	Note	Group		
		9M2022 (Unaudited)	9M2021 (Unaudited)	% (+/-)
Other income	N6.1	394	496	(20.6)
Administrative and other expenses		(2,597)	(2,610)	(0.5)
Interest expense		(3)	(4)	(25.0)
Share of result of joint venture	N7	5,799	2,445	137.2
Loss on partial disposal of joint venture	8	-	(18,736)	nm
Profit/(loss) before tax	N6	3,593	(18,409)	(119.5)
Income tax expense		-	-	-
Net profit/(loss) for the financial period		3,593	(18,409)	(119.5)
Total comprehensive income/(loss) attributable to owners of the Company		3,593	(18,409)	(119.5)
Earnings/(loss) per Share (“EPS/LPS”) (RMB cents):				
Basic	6	1.77	-9.05	
Diluted	6	1.77	-9.05	

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

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the

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current financial period reported on and the corresponding period of the immediately preceding financial year: (A) Investment income; (B) Other income including interest income; (C) Interest on borrowings; (D) Depreciation and amortisation; (E) Allowance for doubtful debts and bad debts written off; (F) Write-off for stock obsolescence; (G) Impairment in value of investments; (H) Foreign exchange gain/loss (where applicable); (I) Adjustments for under or overprovision of tax in respect of prior years; and (J) Profit or loss on sale of investments, properties, and/or plant and equipment

Please refer to N6.

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

Condensed interim statements of financial position

	Note	Group		Company	
		30.09.2022	31.12.2021	30.09.2022	31.12.2021
RMB'000		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Non-current assets					
Investments in subsidiaries		-	-	303,472	303,472
Investment in joint venture	N7	519,016	513,217	-	-
Right of use asset		62	100	-	-
		519,078	513,317	303,472	303,472
Current assets					
Other receivables		15	93	-	6
Amount owing by related parties		188	179	6	6
Amount owing by subsidiaries		-	-	9,538	9,538
Cash and cash equivalents		39,318	40,990	3,985	5,877
		39,521	41,262	13,529	15,427
Less:					
Current liabilities					
Other payables		852	786	672	452
Amount owing to directors		1,107	709	1,108	709
Amount owing to a subsidiary		-	-	29,831	28,307
Current income tax payable		59	59	59	59
Lease liability	N8	52	50	-	-
		2,070	1,604	31,670	29,527
Net current assets/liabilities		37,451	39,658	(18,141)	(14,100)
Less:					
Non-current liability					
Lease liability	N8	14	53	-	-
Net assets		556,515	552,922	285,331	289,372
Equity					
Share capital	1(d)(i)	289,064	289,064	289,064	289,064
Other reserve		83,004	83,004	-	-
Retained earnings		184,447	180,854	(3,734)	308
Equity attributable to owners of the Company		556,515	552,922	285,330	289,372
Total equity		556,515	552,922	285,330	289,372

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

Amount repayable in one year or less, or on demand

As at 30 September 2022		As at 31 December 2021	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Amount repayable after one year

As at 30 September 2022		As at 31 December 2021	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

Nil

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

Contingent liabilities

As at 30 September 2022, the Group and its joint venture partners had given guarantees amounting up to RMB296,488,000 (31/12/2021: RMB325,066,500) to certain lenders in respect of borrowings of the China Holdco Group.

At 30 September 2022, the total amount of borrowings covered by the guarantees is RMB265,938,000 (31/12/2021: RMB244,807,000). Such financial guarantees require the Group to reimburse the lenders if the China Holdco Group fails to make principal or interest repayments when due in accordance with the terms of the respective borrowings.

As at 30 September 2022, the current liabilities of the China Holdco Group exceeded its current assets by RMB351,581,000. The China Holdco Group has RMB204,280,000 of borrowings which are due for repayment within the next 12 months from the reporting date, of which RMB33,320,000 were guaranteed by the Group.

There was no default or non-repayment since the inception of these borrowings. The Company's directors are confident that the outcome of negotiations with the lenders in relation to the borrowings will be favourable and additional conditions, if any, will be fulfilled to avoid any breach of covenants of the borrowings. Furthermore, China Holdco Group's borrowings are secured over mortgages against fixed assets of China Holdco Group. As at 30 September 2022, the carrying amount of the China Holdco Group's fixed assets are substantially larger than the carrying amount of the outstanding borrowings. Based on the Company's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

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

Condensed interim consolidated statement of cash flows

	Group
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RMB'000	9M2022 (Unaudited)	9M2021 (Unaudited)
Operating activities		
Profit/(loss) before income tax	3,593	(18,409)
Adjustments for:		
Amortisation of right of use assets	38	38
Share of result of joint venture	(5,799)	(2,445)
Loss on partial disposal of joint venture	-	18,736
Interest income	(360)	(496)
Interest expense	3	4
Operating cash flows before working capital changes	(2,525)	(2,572)
Other receivables (including related parties)	69	14
Other payables (including directors and related parties)	464	(1,194)
Cash used in operations	(1,992)	(3,752)
Net cash used in operating activities	(1,992)	(3,752)
Investing activities		
Interest received	360	496
Net cash generated from investing activities	360	496
Financing activities		
Principal element of lease payments	(37)	(36)
Interest expense	(3)	(4)
Net cash used in financing activities	(40)	(40)
Net change in cash and cash equivalents	(1,672)	(3,296)
Cash and cash equivalents at the beginning of the financial period	40,990	44,823
Cash and cash equivalents at end of the financial period	39,318	41,527

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

Condensed Interim Statement of Changes in Equity

The Company

RMB'000	Share capital	Retained earnings	Total equity
(Unaudited)			
Balance as at 1 January 2022	289,064	308	289,372
Total comprehensive loss for the period	-	(4,042)	(4,042)
Balance as at 30 September 2022	289,064	(3,734)	285,330
(Unaudited)			
Balance as at 1 January 2021	289,064	2,300	291,364
Total comprehensive loss for the period	-	(1,331)	(1,331)
Balance as at 30 September 2021	289,064	969	290,033

The Group

RMB'000	Attributable to owners of the Company				Total equity
	Share capital	Other reserve	Retained earnings	Equity attributable to owners of the Company	
(Unaudited)					
Balance as at 1 January 2022	289,064	83,004	180,854	552,922	552,922
Total comprehensive income for the period	-	-	3,593	3,593	3,593
Balance as at 30 September 2022	289,064	83,004	184,447	556,515	556,515
(Unaudited)					
Balance as at 1 January 2021	289,064	83,004	204,422	576,490	576,490
Total comprehensive income for the period	-	-	1,943	1,943	1,943
Balance as at 30 September 2021	289,064	83,004	206,365	578,433	578,433

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

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles, treasury shares or subsidiary holdings held as at 31 December 2021 and 30 September 2022.

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

	<u>30.09.2022</u>	<u>31.12.2021</u>
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company did not have any treasury shares as at 30 September 2022 and 31 December 2021.

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

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

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

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

N1. General Corporate information

Hengyang Petrochemical Logistics Limited (the “**Company**”) is a public limited liability company, incorporated and domiciled in Singapore with its registered office located at 10 Anson Road, #25-06 International Plaza, Singapore 079903.

The Company’s registration number is 200807923K. The principal place of business is 1 Hengyang Road, Shizhuang Industrial Park, New Harbor City, Jiangyin, Jiangsu Province, PRC 214446. The Company is listed on the Catalist Board of the SGX-ST.

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

The immediate and ultimate holding company is Foreversun Holdings Co., Ltd., a company incorporated in the British Virgin Islands. The ultimate controlling party is Mr Gu Wen Long, whose interest in the Company is held through his shareholdings in Foreversun Holdings Co., Ltd.

N2. Basis of Preparation

The condensed interim consolidated financial statements for the financial period ended 30 September 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2021 (“**FY2021**”).

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

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (“**functional currency**”). The condensed interim consolidated financial statements of the Group and the statement of financial position of the Company are presented in Chinese renminbi (“**RMB**”) which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand (RMB’000) unless otherwise stated.

N2.1 New and amended standards adopted by the Group

The new and/or amended SFRS(I) for the current reporting period are not relevant to the Group. The Group did not have to change its accounting policies or make retrospective adjustments as a result of the above new or amended SFRS(I).

N2.2. Use of judgements and estimates

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

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The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements made in applying the accounting policies

The following is the critical judgement, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Joint control

As at 30 September 2022, the Group (through HHPL), Sinopec Chemical and CITIC Port respectively hold 49%, 49% and 2% of the equity interest in China Holdco.

Management has carried out an assessment to determine whether the Group continues to have joint control over China Holdco. The assessment included review of unanimous consent from the three joint venture partners for certain reserved matters and relevant activities which will significantly affect the returns of the joint venture. Accordingly, the Company concluded that it is appropriate to classify China Holdco as a joint venture of the Company (N7).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the interim financial period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year, are discussed below.

Impairment of investment in joint venture

The Group conducts impairment test annually and had carried out a review of the investment in joint venture for FY2021. The Group will review its investment in the joint venture at the end of the current financial year. The Group's carrying amount of investment in joint venture as at 30 September 2022 was RMB519,016,000 (31 December 2021: RMB513,217,000).

N3. Seasonal operations

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

N4. Segment and revenue information

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

N5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 31 December 2021:

RMB'000	Group		Company	
	30-Sep-2022	31-Dec-2021	30-Sep-2022	31-Dec-2021

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Financial assets

Other receivables	15	93	-	6
Amount owing by related parties	188	179	6	6
Amount owing by subsidiaries	-	-	9,538	9,538
Cash and cash equivalents	39,318	40,990	3,985	5,877

Financial liabilities

Other payables	852	786	672	452
Amount owing to directors	1,107	709	1,108	709
Amount owing to a subsidiary	-	-	29,831	28,307
Lease liability	52	50	-	-

N6. Profit before tax

N6.1 Significant items
RMB'000

	9M2022	9M2021
Other income		
Interest income from bank deposits	360	478
Government grant	34	18
	<u>394</u>	<u>496</u>
Expenses		
Amortisation of right-of-use asset	38	38
Professional fees	653	578
Employee benefit costs (inclusive of directors' fees)	1,856	1,866

N6.2. Related party transactions

During 9M2022, in addition to the information disclosed elsewhere in these interim financial statements, the Group's joint venture entered into the following transactions with related parties at rates and terms agreed between the parties:

RMB'000	Group	
	9M2022	9M2021
By joint venture		
<i>Sales to related parties</i>	46,355	36,747
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	13,068	34,088
– Jiangyin Golden Bridge Trade Co., Ltd. (b)	269	2,659
– Sinopec Chemical Sales Company Limited (c)	33,018	-
<i>Interest expense charged by related parties</i>	4,781	4,326
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	4,218	3,762
– Gu Wen Long	563	564

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- (a) Jiangyin Golden Bridge Chemical Co., Ltd (“**Jinqiao Chemical**”) is a company established and wholly-owned by Ms Sun Fang, the spouse of the Company’s Chairman and Chief Executive Officer, Mr Gu Wen Long.
- (b) Jiangyin Golden Bridge Trade Co., Ltd. (“**Jinqiao Trade**”) is a company established and controlled by Ms Sun Fang, the spouse of the Company’s Chairman and Chief Executive Officer, Mr Gu Wen Long.
- (c) Sinopec Chemical is a joint venture partner of China Holdco.

N7. Investment in joint venture

RMB’000	Group	
	30-Sep-2022	31-Dec-2021
Unquoted equity investment, at cost	617,100	617,100
Share of results of joint venture, net of tax	(98,084)	(103,883)
	<u>519,016</u>	<u>513,217</u>

The details of the joint venture are as follows:

Name of company (Principal place of business)	Principal activities	Effective equity interest held by the Group	
		30 September 2022	31 December 2021
		%	%
Held by Hengyang Holding Pte. Ltd.			
Jiangyin Foreversun Chemical Logistics Co., Ltd. (PRC)	Storage, dispatch, drumming and land transportation of liquid petrochemical products and management of ports terminal	49	49

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

The Group has pledged the entire amount of its investment in the joint venture in favour of certain lenders for the borrowings taken by the joint venture. The Group also extended financial guarantees to these borrowings. The details are set out in paragraph 1(b)(ii) of this announcement.

N7.1 Impairment assessment of investment in a joint venture

As set out in Note N2.2, there is no impairment on the investment in joint venture for 9M2022.

N7.2 Significant restrictions

As at 30 September 2022, cash and bank balances of approximately RMB57,932,700 (31 December 2021: RMB37,135,000) held by the joint venture in the PRC are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends.

N7.3 Summarised financial information

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

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

China holdco Group		
RMB'000	30-Sep-2022	31-Dec-2021
Current assets	148,375	195,564
Non-current assets	3,640,817	2,623,299
Current liabilities	(499,957)	(486,318)
Non-current liabilities	(2,324,711)	(1,404,729)
Net asset	<u>964,524</u>	<u>927,816</u>

The above amounts of assets and liabilities include the following:

China holdco Group		
RMB'000	30-Sep-2022	31-Dec-2021
Cash and cash equivalents	57,933	37,135
Current financial liabilities (excluding trade and other payables and current income tax payable)	(284,308)	(300,635)
Non-current financial liabilities (excluding trade and other payables and deferred income tax payable)	(2,308,962)	(1,390,477)

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

RMB'000	9M2022	9M2021	VAR	%
	(Unaudited)	(Unaudited)		(+/-)
Revenue⁽¹⁾	296,226	340,808	(44,582)	(13.08)
Cost of sales	(214,700)	(241,015)	(26,315)	(10.92)
Gross profit⁽²⁾	81,526	99,793	(18,267)	(18.30)
Other income ⁽³⁾	27,498	5,616	21,882	389.64
Administrative and other expenses	(47,930)	(47,961)	(31)	(0.06)
Finance costs	(47,659)	(48,089)	(430)	(0.89)
Profit/(loss) before tax from continuing operation	13,435	9,359	(4,076)	(43.55)
Income tax expense	(674)	(1,121)	(447)	(39.88)
Profit/(loss) from continuing operation	12,761	8,238	(4,523)	54.90
Profit/(loss) from discontinued operation, net of tax ⁽⁴⁾	-	29	29	nm ⁽⁶⁾
Profit/(Loss) for the financial period	12,761	8,267	4,494	54.36
Non-controlling interest	(2,484)	287	(2,771)	nm ⁽⁶⁾
Owners of China Holdco	15,245	7,980	7,265	91.04
share proportion of Company in China Holdco	49%	49%	-	-
Share of result of China Holdco	7,470	4,071	3,399	83.49
Depreciation and amortisation on fair value adjustment ⁽⁵⁾	(1,671)	(1,626)	45	(2.77)

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Share of result of joint venture	5,799	2,445	3,354	137.18
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Notes:

- (1) Revenue from transportation segment decreased by RMB44.41 million or 40.65%, from RMB109.26million in 9M2021 to RMB64.85 million in 9M2022, due to decrease in the business activities on rising operational cost arising from petrol prices..

Revenue from storage service segment decreased slightly by RMB0.16 million, from RMB231.54 million in 9M2021 to RMB231.38 million in 9M2022, mainly due to the following:

- (a) an increase in revenue of RMB17.72 million from Jiangyin Foreversun Petrochemical Logistics Co., Ltd, attributed by an exceptionally high utilization of its tanks' capacity due to high demand for storage requirement as shipments are delayed by the COVID-19 lock down measures;
- (b) an increase in revenue of RMB4.17 million from Chongqing New Foreversun Logistics Co., Ltd, attributed by beginning of trial operation of the new storage tanks;
- (c) on consolidation of the an increase in revenue of RMB3.04 million from Tianjin Foreversun Petrochemical Logistics Co., Ltd, on completion of the acquisition of 70% shareholding of Odfjell Nangang Terminals (Tianjin) Co., Ltd. (please refer to further details of the acquisition set out in paragraph 16 of this announcement) ;and
- (d) a decrease in revenue of RMB19.46 million from Deqiao Logistics Co., Ltd., ("Deqiao") as well as a decrease in revenue of RMB7.85 million from Yueyang Hengyang Petrochemical Logistics Co., Ltd, both due to reduction in petrochemical trading activities as the Chinese government increased the tax levied on imported fuel since June 2021.
- (2) Gross profit decreased by RMB18.27 million, from RMB99.79 million in 9M2021 to RMB81.52 million in 9M2022 and gross profit margin decreased from 29.28% in 9M2021 to 27.52% in 9M2022 in tandem with the decrease of revenue.
- (3) Other income increased by RMB21.88 million or 389.64%, mainly contributed by the negative goodwill of RMB22.27 million in relation to the acquisition of Odfjell Nangang Terminals (Tianjin) Co., Ltd. in September 2022. The China Holdco has acquired 70% equity interest of Odfjell Nangang Terminals (Tianjin) Co., Ltd with consideration of RMB22.50 million. As of the completion date of the transaction, the book value of net assets of Odfjell Nangang Terminals (Tianjin) Co., Ltd is RMB11.69 million while its fair value of RMB81.38 million based on the management's preliminary assessment .Please refer to further details of the acquisition set out in paragraph 16 of this announcement.
- (4) During 9M2021, China Holdco completed the disposal of its entire 85% interest in Jiangsu Xinheng for an aggregate cash consideration of RMB18,062,500 (the "**Disposal**"). As a result of the Disposal, Jiangsu Xinheng is classified as discontinued operations.
- (5) Fair value adjustment arose from the initial recognition in May 2017 and in September 2022 from fair value adjustment on property, plant and equipment and land use rights of the joint venture, and amortised over the useful life of these assets of the joint-venture.
- (6) "nm" denotes not meaningful.

N7.4 Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:

RMB'000	30-Sep-2022	31-Dec-2021
Proportion of Group ownership	49%	49%
Share of net assets of the joint venture	417,951	400,508

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Fair value adjustment on plant and equipment and land use rights	63,403	63,402
Cumulative depreciation and amortisation on fair value adjustment	(11,216)	(9,545)
Non-controlling interest	(9,963)	11
Interest in joint venture	460,175	454,376
Goodwill	58,841	58,841
Carrying value of Group's interest in joint venture	519,016	513,217

N8. Lease liabilities

RMB'000	Group	
	30-Sep-2022	31-Dec-2021
Balance as at 1 January	103	151
Interest expense	3	7
Addition	-	-
Lease payments		
- Principal portion	37	48
- Interest portion	3	7
	40	55
Balance as at the end of the period	66	103

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

RMB'000	30-Sep-2022	31-Dec-2021
Contractual undiscounted cash flows		
- Not later than a year	55	54
- Between one and three years	14	54
	69	108
Less: Future interest expense	(3)	(5)
Present value of lease liabilities	66	103
Presented in statement of financial position		
- Non-current	14	53
- Current	52	50
	66	103

The Group leases an office premise in Singapore with fixed payments over the lease terms and the incremental borrowing rate applied was 5.25% (9M2021: 5.25%) per annum.

There is no externally imposed covenant on the lease arrangement. There is no lease expense not capitalised in lease liability.

The lease liability is denominated in Singapore dollars.

N9. Subsequent events

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

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

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

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

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

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

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

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

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

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore). The accounting policies and computation methods adopted in the financial statements for the nine-month period ended 30 September 2022 are the same as those adopted in the Company's most recently audited financial statements.

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

Please refer to N2.

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

	Group	
	9M2022 Unaudited	9M2021 Unaudited
Weighted average number of ordinary shares used in computation of basic EPS/LPS	203,461,883	203,461,883
Basic and diluted EPS/LPS (RMB cents)	1.77	(9.05)

Notes:

(a) Basic EPS/LPS is calculated by dividing the net profit for the financial period attributable to owners of the Company by the actual number of ordinary shares in issue during the financial period.

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- (b) Diluted EPS/LPS is the same as the basic EPS as the Group did not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial period.

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

	Group		Company	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	Unaudited	Audited	Unaudited	Audited
Net asset value per ordinary share (RMB cents)	273.5	271.8	140.2	142.2

8. A review of the performance of the group to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Condensed interim consolidated statement of comprehensive income of the Group

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

The Group's other income decreased by RMB102,000 or 20.6% from RMB496,000 in 9M2021 to RMB394,000 in 9M2022 mainly due to the decrease of interest income as a result of reduced cash balances.

Share of results of joint venture relates to the Company's 49% interest in the China Holdco Group. Please also refer to Note N7.3 for review of the China Holdco Group's financial performance.

As a result of the aforementioned and due to the absence of the loss relating to the transfer of 2% shareholding in China Holdco from HHPL to CITIC Port for a nominal consideration of S\$1 in 9M2021, the Group recorded a net profit attributable to owners of the Company of RMB3.59 million in 9M2022 as compared to a loss of RMB18.41 million in 9M2021.

Condensed interim consolidated statement of financial position of the Group

Non-current assets comprise the Group's investment in joint venture which relates to its interest in the China Holdco Group and right-of-use asset. Investment in joint venture increased by RMB5.8 million from RMB513.21 million as at 31 December 2021 to RMB519.01 million as at 30 September 2022, mainly due to the share of profit of China Holdco Group in 9M2022.

Current assets comprise cash and cash equivalents, amount owing by related parties, other receivables and interest income receivables. Current assets decreased by RMB1.74 million from RMB41.26 million as at 31 December 2021 to RMB39.52 million as at 30 September 2022, mainly due to a decrease in cash and cash equivalents. Cash and cash equivalents decreased by RMB1.67 million from RMB40.99 million as at 31 December 2021 to RMB39.32 million as at 30 September 2022 due to utilisation of the Group's cash in operating activities as set out in the cash flow statements.

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Current liabilities comprise mainly other payables, amount owing to directors, lease liability and current income tax payable. Current liabilities increased by RMB466,000 from RMB1.6 million as at 31 December 2021 to RMB2.07 million as at 30 September 2022, mainly due to the accrued director fee.

Non-current liability relates to lease liability repayable after one year.

Condensed interim consolidated statement of cash flows of the Group

The Group recorded cash and cash equivalents of RMB39.32 million as at 30 September 2022, as compared to RMB40.99 million as at 31 December 2021, a decrease of RMB1.67 million due to utilisation of the Group's cash in operating activities as set out in the cash flow statements.

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

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

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

The PRC's GDP grew by 3% in 9M2022 as compared to 9M2021. The lower increase in the PRC's GDP was largely attributable to the tightening of COVID-19 measures during 9M2022.

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

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

The strict preventive measures implemented by the Chinese government due to COVID-19 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.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for 9M2022.

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(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend has been declared or recommended for 9M2021.

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

Not applicable

(d) Date payable

Not applicable

(e) Books closure date

Not applicable

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

The Board has decided not to recommend any dividend because the China Holdco Group did not declare any dividend for 9M2022.

13. Interested Person Transactions (“IPT”)

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the existing shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		RMB'000	RMB'000
Provision of Petrochemical storage services and land transport services			
- Jinqiao Chemical ⁽¹⁾	Note1	-	13,068
- Jinqiao Trade ⁽²⁾	Note2	-	269
Interest expense charged	Note3		
- Jinqiao Chemical	Note1	-	4,218
- Gu Wen Long	Chairman, CEO and Controlling Shareholder of the Company	-	563

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Notes:

- (1) Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of Mr Gu Wen Long who is the Chairman and Chief Executive Officer and Controlling Shareholder of the Company.
- (2) Jiangyin Trade is a company established and controlled by Ms Sun Fang, the spouse of the Company's Chairman and Chief Executive Officer, Mr Gu Wen Long.
- (3) The interest expenses charged were in relation to loans extended by Jinqiao Chemical and Mr Gu Wen Long for working capital purposes.

14. Confirmation pursuant to Catalyst Rule 705(5)

We, Gu Wen Long and Diong Tai Pew, being directors of the Company ("**Directors**"), hereby confirm on behalf of the Board of Directors that, to the best of the Directors' knowledge, nothing has come to the attention of the board of Directors which may render the financial statements of the Group for the nine-month period ended 30 September 2022 to be false or misleading in any material aspect.

On behalf of the board of Directors

GU WEN LONG
Chief Executive Officer

DIONG TAI PEW
Lead Independent Director (AC Chairman)

15. Confirmation pursuant to Catalyst Rule 720(1)

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

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

On 21 June 2022, the Company announced that China Holdco had entered into an equity transfer agreement with Odfjell Terminals Asia Pte. Ltd. in respect of the acquisition of 49% of the total paid-up registered capital of Odfjell Nangang Terminals (Tianjin) Co., Ltd. ("**Tianjin Nangang Odfjell**") for a nominal consideration of RMB10 and assumption of the Corporate Guarantee in respect of 49% of the Existing Bank Loan quantum in place.

The consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, among other things: (a) the valuation report which had valued 100% of the equity of Tianjin Nangang Odfjell at RMB107.2 million (equivalent to approximately S\$22.25 million); (b) the prospects of the Target and the rationale and benefits to the Group for the acquisition.

Based on the latest available unaudited financial statements of Tianjin Nangang Odfjell, as at 31 March 2022, the book value and the net tangible liabilities value attributable to the Sale Equity was RMB14.62 million and RMB37.49 million respectively. The net losses before tax for the financial year ended 31 December 2021 ("**FY2021**") and the three months ended 31 March 2022 ("**3M2022**") attributable to Tianjin Nangang Odfjell amounted to RMB32.29 million and RMB7.65 million, respectively. Please refer to the Company's announcement in relation to the acquisition dated 21 June 2022 for more information. While the China Holdco has been registered as the shareholder holding 49% of the total paid-up registered capital of Tianjin Nangang Odfjell on 23 June 2022, the remittance of the nominal consideration is still pending the approval of the State Administration of Foreign Exchange (including its relevant local counterparts and designated banks). Accordingly, the China Holdco has not recognised the effects of the acquisition of 49% of the total paid-up registered capital of Tianjin Nangang Odfjell in 1H2022.

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On 30 June 2022, the Company announced that China Holdco intended to acquire an additional 21% of the total paid-up registered capital of Odfjell Nangang Terminals (Tianjin) Co., Ltd. (Tianjin Nangang Odfjell) from Tianjin Nangang Industrial Zone Ports Co., Ltd. On 25 July 2022, in the extraordinary general meeting convened by the Company, the Company's Shareholders approved the following resolutions: (a) Participation in the Tender and submission of the China Holdco's Bid in respect of the acquisition of additional 21% equity interests of Tianjin Nangang Odfjell; and (b) Entry into the Definitive Agreement(s) following the conclusion of the Tender. Please refer to the Company's circular dated 8 July 2022 and the announcement dated 25 July 2022 for more information.

On 7 September 2022, the Company announced that the Proposed Acquisition has taken place on 5 September 2022 ("**Completion**"). Following Completion, Odfjell Nangang Terminals (Tianjin) Co., Ltd. (天津南港奥德费尔码头仓储有限公司) became a 70%-owned subsidiary of the China Holdco and its name was changed to Tianjin Hengyang Petrochemical Logistics Co., Ltd. (天津恒阳化工储运有限公司). Please refer to the Company's announcement dated 7 September 2022 for more information.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group announced during 9M2022 which is required to be reported under Rule 706(A) of the Catalist Rules.

BY ORDER OF THE BOARD

GU WEN LONG
Director and Chief Executive Officer
November 10, 2022

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