恒阳

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 ("9M2018")

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

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

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

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

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

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

The Group's effective interest in China Holdco is 33.15% as China Holdco is held through 65% owned Hengyang Holding Pte. Ltd..("HHPL)

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

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UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	Group		
	9M2018	9M2017	%
	RMB'000	RMB'000	(+/-)
Revenue	**-**	**-**	**-**
Cost of sales	-	-	-
Gross profit	**-**	**-**	**-**
Other income	757	1,336	(43.3)
Administrative and other expenses	(3,397)	(6,242)	(45.6)
Finance costs	-	-	-
Share of result of joint venture	(18,682)	(5,482)	240.8
Loss before tax	**(21,322)**	**(10,388)**	**105.3**
Income tax expense	-	(22)	(100.0)
Loss from continuing operations	(21,322)	(10,410)	104.8
Discontinued operation：			
Profit from discontinued operations	-	219,662	(100.0)
Net (loss)/profit for the period	**(21,322)**	**209,252**	**nm**
Loss attributable to:			
Owners of the parent			
Loss from continuing operation	(14,874)	(9,068)	64.0
Profit from discontinued operation	-	142,780	(100.0)
(Loss)/Profit for the year attributable to owners of the company	**(14,874)**	**133,712**	**nm**
Non-controlling interests			
Loss from continuing operation	(6,448)	(1,342)	380.5
Profit from discontinued operation	-	76,882	(100.0)
(Loss)/Profit for the year attributable to non-controlling interests	**(6,448)**	**75,540**	**nm**
	(21,322)	**209,252**	**nm**
Total comprehensive Loss attributable to:			
Owners of the parent	(14,874)	133,712	nm
Non-controlling interests	(6,448)	75,540	nm
	(21,322)	**209,252**	**nm**

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UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

Income Statement of China Holdco Group for the nine months ended 30 September 2018:

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

	RMB'000	RMB'000	RMB'000	RMB'000
	9M2018	Jan-May2017	Jun-Sep2017	9M2017
Revenue[1]	**270,850**	**70,767**	**62,156**	**132,923**
Cost of sales	(255,482)	(62,131)	(53,235)	(115,366)
Gross profit	**15,368**	**8,636**	**8,921**	**17,557**
Other income	3,846	747	5,226	5,973
Compensation from insurer[2]	14,650	-	-	-
Administrative and other expenses	(35,652)	(16,251)	(18,059)	(34,310)
Finance costs	(20,250)	(8,653)	(6,157)	(14,810)
Profit/(loss) before tax	**(22,038)**	**(15,521)**	**(10,069)**	**(25,590)**
Income tax expense	(1,421)	(563)	(680)	(1,243)
Profit/(loss) for the period	**(23,459)**	**(16,084)**	**(10,749)**	**(26,833)**
Non-controlling interest	118	-	-	-
Owners of China Holdco	**(23,577)**	**-**	**-**	**-**
51% share proportion	51%	-	51%	51%
Share of result of China Holdco	**(12,024)**	**-**	**(5,482)**	**(5,482)**
Depreciation and amortisation on fair value adjustment[3]	(6,658)	-	-	-
Share of result of joint venture	**(18,682)**	**-**	**(5,482)**	**(5,482)**

Note 1: Revenue for 9M2018 includes a maiden revenue of RMB96.2 million from Jiangsu Xinheng Supply Chain Management Service Pte Ltd ("Jiangsu Xinheng"), an 85% owned subsidiary of China Hold Co. Jiangsu Xinheng commences business in supply chain management and trading in chemical products this year and incurred a RMB0.4 million loss before and after tax for 9M2018.

Note 2: This relates to Insurance claims of Deqiao Accident (Section 15) received in 1Q2018. This was a one-off and non-recurring item.

Note 3: The fair value adjustment arose from the initial recognition in May 2017 from fair value adjustment on property, plant and equipment and land use rights of the joint venture, and amortized over the useful life of these assets of the joint-venture.

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UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

	Group		Company	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Investments in subsidiaries	-	-	267,472	267,472
Investment in joint venture	572,764	591,446	-	-
	572,764	591,446	267,472	267,472
Current assets				
Trade and other receivables	15	15	-	-
Amount owing by related parties	190	185	-	6
Amount owing by subsidiaries	-	-	10,391	60,385
Current income tax recoverable	-	20	-	-
Cash and cash equivalents	89,665	92,738	51,212	3,677
	89,870	92,958	61,603	64,068
Less:				
Current liabilities				
Trade and other payables	2,310	2,000	1,698	1,394
Amount owing to directors	36	794	36	794
Amount owing to a subsidiary	-	-	30,189	29,299
	2,346	2,794	31,923	31,487
Net current assets	87,524	90,164	29,680	32,581
Less:				
Non-current liabilities				
Derivative financial instrument	4,681	4,681	-	-
	4,681	4,681	-	-
Net assets	655,607	676,929	297,152	300,053
Equity				
Share capital	289,064	289,064	289,064	289,064
Other reserve	83,004	83,004	-	-
Retained earnings	64,464	79,338	8,088	10,989
Equity attributable to owners of the parent	436,532	451,406	297,152	300,053
Non-controlling interests	219,075	225,523	-	-
Total equity	655,607	676,929	297,152	300,053

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

The borrowings which exist in the China Holdco Group and the assets and liabilities of China Holdco Group are no longer consolidated in the Group financial statements.

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

	Group	
	9M 2018	9M 2017
	RMB'000	RMB'000
Operating activities		
Loss before income tax from continuing operations	(21,322)	(10,410)
Profit before income tax from discontinued operations	-	219,662
Adjustments for:		
Depreciation of property, plant and equipment	-	18,922
Amortisation for land use rights	-	828
Loss on disposal of property, plant and equipment	-	(6)
Gain on disposal of discontinued operation(49%)	-	(105,680)
Re-measurement of 51% Joint venture interest	-	(130,066)
Share of result of joint venture	18,682	5,482
Interest income	-	(3)
Interest expense	-	8,653
Operating cash flows before working capital changes	(2,640)	7,382
Working capital changes:		
Trade and other receivables (including related parties)	(5)	7,357
Trade and other payables (including directors and related parties)	(448)	60,626
Cash (used in)/generated from operations	(3,093)	75,365
Interest paid	-	(4,800)
Income tax	20	657
Net cash (used in)/generated from operating activities	(3,073)	71,222
Investing activities		
Acquisition of property, plant and equipment	-	(52,000)
Proceeds from disposal of subsidiary	-	115,516
Interest paid and capitalised	-	(6,363)
Interest received	-	3
Net cash generated from investing activities	-	57,156
Financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	(7,122)
Amount owing to related parties	-	(6,415)
Net cash used in financing activities	-	(13,537)
Net change in cash and cash equivalents	(3,073)	114,841
Cash and cash equivalents at beginning of the financial year	92,738	10,949
Cash and cash equivalents at end of the period	89,665	125,790

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

Company (RMB'000)	Share capital	Retained earnings/ (Accumulated losses)	Total equity
(Unaudited)			
Balance as at 1 January 2018	**289,064**	**10,989**	**300,053**
Loss for the period	-	(862)	(862)
Balance as at 31 March 2018	**289,064**	**10,127**	**299,191**
Loss for the period	-	(236)	(236)
Balance as at 30 June 2018	**289,064**	**9,891**	**298,955**
Loss for the period	-	(1,803)	(1,803)
Balance as at 30 September 2018	**289,064**	**8,088**	**297,152**

Company (RMB'000)	Share capital	Retained earnings/ (Accumulated losses)	Total equity
(Unaudited)			
Balance as at 1 January 2017	**289,064**	**(43,329)**	**245,735**
Loss for the period	-	(1,519)	(1,519)
Balance as at 31 March 2017	**289,064**	**(44,848)**	**244,216**
Loss for the period	-	(3,218)	(3,218)
Balance as at 30 June 2017	**289,064**	**(48,066)**	**240,998**
Loss for the period	-	(1,662)	(1,662)
Balance as at 30 September 2017	**289,064**	**(49,728)**	**239,336**

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

Consolidated Statement of Changes in Equity

	Attributable to owners of the company							
Group (RMB'000)	**Share capital**	**Statutory common reserve**	**Other reserve**	**Foreign currency translation account**	**Retained earnings/ (Accumulated losses)**	**Equity attributable to owners of the parent**	**Non-controlling Interests**	**Total equity**
(Unaudited)								
Balance as at 1 January 2018	**289,064**	**-**	**83,004**	**-**	**79,338**	**451,406**	**225,523**	**676,929**
Total comprehensive income for the period	-	-	-	-	(1,113)	(1,113)	(135)	(1,248)
Balance as at 31 March 2018	**289,064**	**-**	**83,004**	**-**	**78,225**	**450,293**	**225,388**	**675,681**
Total comprehensive income for the period	-	-		-	(6,827)	(6,827)	(3,550)	(10,377)
Balance as at 30 June 2018	**289,064**	**-**	**83,004**	**-**	**71,398**	**443,466**	**221,838**	**665,304**
Total comprehensive income for the period	-	-		-	(6,934)	(6,934)	(2,763)	(9,697)
Balance as at 30 September 2018	**289,064**	**-**	**83,004**	**-**	**64,464**	**436,532**	**219,075**	**655,607**
(Unaudited)								
Balance as at 1 January 2017	**289,064**	**14,935**	**84,113**	**(270)**	**(50,222)**	**337,620**	**196,360**	**533,980**
Total comprehensive income for the period	-	-	-	-	(8,656)	(8,656)	(3,847)	(12,503)
Balance as at 31 March 2017	**289,064**	**14,935**	**84,113**	**(270)**	**(58,878)**	**328,964**	**192,513**	**521,477**
Total comprehensive income for the period	-	-	-	-	146,314	146,314	83,668	229,982
Disposal of subsidiary	-	(14,935)	(8,178)	415	23,467	769	(2,729)	(1,960)
Balance as at 30 June 2017	**289,064**	**-**	**75,935**	**145**	**110,903**	**476,047**	**273,452**	**749,499**
Total comprehensive income for the period	-	-	-	-	(4,715)	(4,715)	(1,552)	(6,267)
Balance as at 30 September 2017	**289,064**	**-**	**75,935**	**145**	**106,187**	**471,331**	**271,900**	**743,231**

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 2017 and 30 September 2018.

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

	30.09.2018	**31.12.2017**
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company does not have any treasury shares as at 30 September 2018 and 31 December 2017.

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.

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.

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

Not applicable.

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

Not applicable.

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

The Group's financial statements for the current reporting period have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") including related Interpretations of FRS. Other than the adoption of various revisions to the FRS, which became effective during the current financial period and adoption of the new financial reporting framework Singapore Financial Reporting Standards (International) ("SFRS(I)s") on 1 January 2018 (including the application of all the mandatory exceptions), there was no change in accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2017.

On the adoption of SFRS(I)s on 1 January 2018, the Group has assessed that there is no material impact on the financial statements for the current financial period.

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 the above.

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	
Earnings per ordinary share:	9M2018	9M2017
Weighted average number of ordinary shares used in computation of basic EPS/LPS	203,461,883	203,461,883
(a) LPS from continuing operation—basic and diluted (RMB cents)	(7.31)	(4.46)
(b) EPS From discontinued operation—basic and diluted (RMB cents)	-	70.18

Notes:

(a) Basic earnings/loss per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial period.

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

7. Net assets value (for the issuer and group) per ordinary share based on issued share capital 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	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Net asset value per ordinary share (RMB cents)	214.6	221.9	146.0	147.5

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.

Statement of comprehensive income of the Group

Administrative and other expenses of RMB3.40 million are in respect of the Company and 65% owned investment holding subsidiary HHPL. All other items relating to the activities of China Holdco Group are included in share of result of joint venture from January to September 2018.

Administrative and other expenses of RMB6.24 million in 2017 are composed of administrative and other expenses attributed to continuing operation of the Group from January to May, and continued operation attributed to the Company and HHPL from June to September.

Share of result of joint venture

The Group had recognised its share of result of joint venture loss of RMB18.68 million attributable to the Group's 51% share of loss from China Holdco Group. The loss would have been higher if not for the insurance compensation received relating to the Deqiao Accident.

The loss of RMB5.48 million in 2017 was attributed to the Group's 51% share of loss from China Holdco Group from June to September.

Statement of financial position of the Group as at 30 September 2018

As at 30 September 2018, the Group recorded an investment in joint venture that amounted to RMB572.76 million, which decreased by RMB18.69 million compared to RMB591.45 million as at 31 December 2017. The decrease was due to equity accounting only.

Amount owing to directors decrease from RMB0.794 million of FY2017 to RMB0.036million due to the directors' fee of RMB0.758 million paid in FY2018.

The Group recorded a derivative financial instrument that amounted to RMB4.68 million, which was the grant of an Option to subscribe for additional 2% equity interest in China Holdco to CITIC Port for an aggregate consideration not exceeding RMB50.00 million. The exercise date of the Option is any date within one year period after the expiration of two years from the date of Completion of the Subscription and the Disposal.

Statement of Cash Flows of the Group for 9M2018

As at 30 September 2018, the Group recorded cash and cash equivalents of RMB89.67 million as compared to RMB92.74 million as at 31 December 2017.

Cash flows for 9M2018 are in respect of the Company and 65% owned investment holding subsidiary Hengyang Holding Pte Ltd ("HHPL"). All other items relating to the activities of China Holdco Group and are included in share of result of joint venture from Jan to September 2018.

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

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

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

Based on the preliminary figures from National Bureau of Statistics of China, China's gross domestic product expanded 6.7% in 9M2018. The growth rate is basically the same as 2017 and well above the government's target of 6.5%. Nonetheless, market conditions remain challenging although there are preliminary signs of recovery.

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

The Group will continue to seek opportunities for the development and growth of its business and operations. Due to the continued suspension of the operations in the Deqiao facility, the Group expects to report a loss for the current financial year.

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 9M2018.

(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 9M2017.

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

No dividend has been declared for 9M2018.

13. Interested Person Transactions ("IPT")

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandated pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the existing shareholders' mandated pursuant to Rule 920 (excluding transactions less than $100,000)
	RMB'000	RMB'000
Provision of Petrochemical storage services and land transport services		
- Jinqiao Chemical[1]	-	2,766
- Shanghai Kangyang[2]	-	8
Interest expense charged		
- Jinqiao Chemical	-	3,905
- Wuhan Kangyang[2]	-	1,219
Gu Wenlong	-	576
Interest income charged	-	
- Jinqiao Chemical	-	1,124

Notes:

(1) Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of the **Chairman** and **Chief Executive Officer**.

(2) Shanghai Kangyang, Wuhan Kangyang and are controlled by Jinqiao Chemical.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Confirmation By The Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that to the best of the knowledge of the Directors of the Company, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for 9M2018 to be false or misleading in any material aspect.

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

Operations in the Deqiao facility had been suspended since 22 April 2016.
The process to resume operations is longer than earlier envisaged. Unfortunately, it is unlikely that operations will resume in 2018, the management hopes to be able to do so in 2019.

GU WEN LONG
Chairman and Chief Executive Officer

DIONG TAI PEW
Lead Independent Director (AC Chairman)

BY ORDER OF THE BOARD

GU WEN LONG

Chairman and Chief Executive Officer

09 November 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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