

恒阳

HENGYANG
PETROCHEMICAL LOGISTICS LIMITED



2023 ANNUAL REPORT

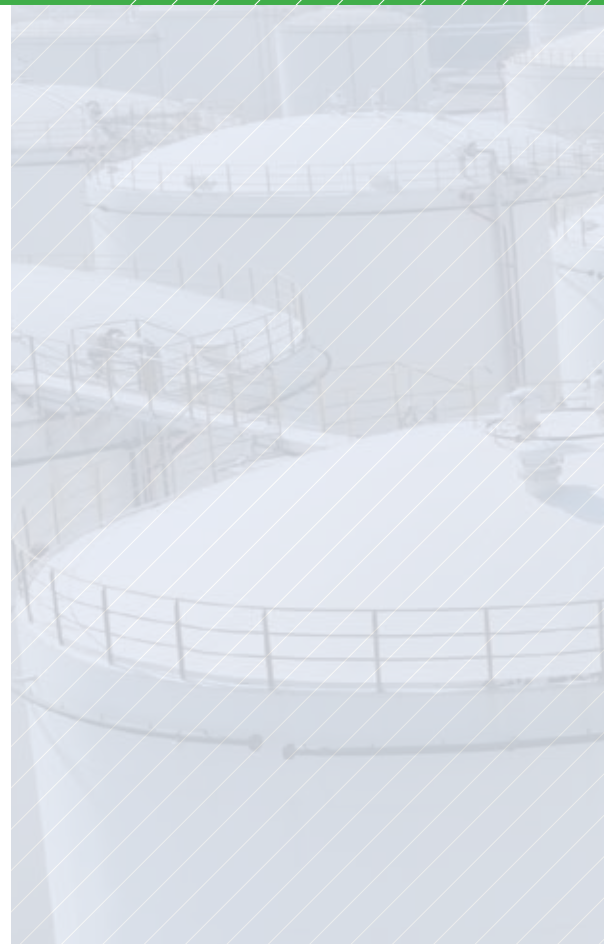
ENHANCING
DEVELOPMENT





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CORPORATE PROFILE

Established in 2002, Hengyang Petrochemical Logistics Limited (the “**Company**”, together with its 41.64% interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (“**China Holdco**”) held through its wholly-owned subsidiary, Hengyang Holding Pte Ltd (“**HHPL**”), collectively, the “**Group**”) is a leading logistics and storage service solutions provider for the petrochemical industry in the People’s Republic of China (“**PRC**”). The Group provides storage and land transportation services for different types of bulk liquid petrochemicals, gases and oils such as Methanol, Acetic Acid, Phenol, Acetone, Styrene, Ethylene Glycol, Polyether Polyol, Propane, Butane, Gasoline, Diesel, Kerosene, Fuel Oil and Base Oil. The Group’s petrochemical storage business offers whole-tank leasing services for a fixed period of time (typically for one year) and spot leasing services for a period ranging from one month to three months.

The Group has a diverse clientele base of domestic and international customers, a majority of which are petrochemical manufacturers and distributors such as Dow Chemical (Shanghai) Co., Ltd., China Petrochemical Corporation, PetroChina Company Limited, China National Offshore Oil Corporation (“**CNOOC**”), Shell Petrochemicals Co., Ltd., Sinochem International Corporation, Zhejiang Petroleum & Chemical Co., Ltd., Hengli Petrochemical Co., Ltd., Shenghong Petrochemical Group, Mitsui & Co. Ltd., Chongqing Carbinol Chemical Industry Co., Ltd. and Jiangyin Golden Bridge Chemical Co., Ltd.

The Group has six logistics facilities at Jiangyin City and Jingjiang City in the Jiangsu Province, Wuhan City in the Hubei Province, Yueyang City in the Hunan Province, Changshou District of Chongqing City and Nangang District of Tianjin City. We devote ourselves to building an integrated logistics network which includes water, land and railway services from the Yangtze River to different seas in order to provide an all-inclusive logistics service for our customers.

The Group’s storage facilities at Jiangyin (“**Foreversun Facility**”) and Jingjiang (“**Deqiao Facility**”) in the Jiangsu Province are strategically located on the southern and northern bank of the Yangtze River near the river mouth, providing easy access to vital business partners as well as industrial transportation and distribution networks for petrochemicals in the PRC.

The Group’s first terminal, the Foreversun Facility, has a storage base of 48 storage tanks with an aggregate storage capacity of 138,600 cubic meters. With more than one-third of these storage tanks being made of stainless steel, the Group owns one of the largest stainless steel storage

facilities in the Yangtze Delta Region. The Foreversun Facility is the first facility in the region to obtain the qualification for the storage, sub-contract and transit of food-grade additives. It is also one of the transaction warehouses certified by the Dalian Commodity Exchange and Zhengzhou Commodity Exchange.

With the acquisition of Nanrong Petrochemical Co., Ltd. and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (collectively, the “**Nanrong Subsidiaries**”) in June 2023, the Foreversun Facility has expanded its storage tanks capacity by 33,000 cubic meters (over 19 spheric tanks) and gained direct access to port and shoreline resources along the Yangtze River to provide more complete and efficient services to its customers.

The Deqiao Facility comprises 139 storage tanks with an aggregate capacity of 547,500 cubic meters and two petrochemical jetties, of which 21 are spherical tanks with a total capacity of 39,000 cubic meters for the storage of liquefied petroleum gases and olefins. It is also one of the transaction warehouses certified by the Zhengzhou Commodity Exchange.

Over the years, the Group has further expanded its foothold to become a one-stop service and solutions provider along the Yangtze River with the inception of three subsidiaries in Wuhan City (“**Wuhan Facility**”), Chongqing City (“**Chongqing Facility**”) and Yueyang City (“**Yueyang Facility**”). These subsidiaries are located along the middle and upper reaches of the Yangtze River, where key petrochemical hubs are located.

Located in Yueyang City in the Hunan Province, Phase I of the Yueyang Facility (comprising 40 storage tanks with an aggregate capacity of 72,000 cubic meters and one docking berth) was put into operation in August 2014.

Located in the Chemical Industrial Park in Wuhan City in the Hubei Province, Phase I of the Wuhan Facility (comprising 38 storage tanks with an aggregate capacity of 88,000 cubic meters) was put into operation in February 2015. The construction of Phase II of the Wuhan Facility (comprising 34 storage tanks and three (3) docking berths) was completed and the trial operation commenced in November 2023. The total storage capacity of Wuhan Facility has increased to 300,000 cubic meters with Phase II of Wuhan Facility.

Located in the Chemical Industrial Park in Chongqing City, the Chongqing Facility has been fully operational since December 2022 and comprises 58 storage tanks and five (5) docking berth with an aggregate capacity of 266,000 cubic meters.

In addition, the Group acquired 70% of the shares of Tianjin Hengyang Chemical Logistics Co., Ltd. (“**Tianjin Facility**”) in September 2022. Located in the Nangang Industrial Park in Tianjin City, the Tianjin Facility comprises 26 storage tanks with an aggregate capacity of 137,800 cubic meters. The construction of Phase II of the Tianjin Facility had started in November 2023 which comprises 32 storage tanks. The total capacity would be 315,300 cubic meters upon completion of the construction of Phase II project.



The Group is also expanding the Yueyang Facility. Together with the construction of Phase II of the Tianjin Facility as mentioned above, the Group will have more storage capacity upon completion.

The Group has set the safety vision of “*Pursue Essential Safety, Establish Industrial Benchmark*”, and strictly upholds the safety policy of “*People Oriented, Safety First, Prevention First, Comprehensive Governance*”. It aims to reach the goal of “No accident, No injury and No pollution” and cultivate a favourable safety culture in order to become the leader in the industry with advanced HSSE management.

As a testament to their high standards of quality, each of the Foreversun Facility, Deqiao Facility, Wuhan Facility, Yueyang Facility and Tianjin Facility has been accredited by the Quality Certification Centre (“**CQC**”) and IQ Net for the compliance with the ISO9001:2015 and GB/T 19001-2016 standards.

In recognition of their commitment to corporate social responsibility, each of the Foreversun Facility, Deqiao Facility, Wuhan Facility, Yueyang Facility and Tianjin Facility has also been accredited by CQC and IQ Net for the compliance with their Environmental Management standards – ISO 45001:2018 and GB/T 45001-2020 and their Occupational Health and Safety Management standards – ISO 14001:2015 and GB/T 24001-2016.

CORPORATE PROFILE

恒阳石化物流有限公司（以下简称“公司”，及其通过新加坡全资子公司持有41.64%的江阴恒阳化工储运有限公司（“江阴恒阳”），以下合称“集团”）成立于2002年，是中国一家领先的石化产业物流和储罐服务商，专业从事港口码头的建设与经营。集团提供多种液体、气体石化产品及油品提供仓储、运输服务。产品包括甲醇、醋酸、苯酚、丙酮、苯乙烯、乙二醇、聚酯多元醇、丙烷、丁烷、汽油、柴油、煤油、燃料油和基础油等。集团的仓储服务包括提供固定期限（一般是一年）的包租租赁服务以及1-3个月的零租服务。

集团拥有多元化的国内外客户基础，与多家大型的国内石化企业保持着稳定良好的合作关系，其中大多数为石化产品的制造商和分销商，例如陶氏化学（上海）有限公司、中国石油天然气集团有限公司、中海油集团有限公司、中海壳牌石油化工有限公司、中石化国际（控股）股份有限公司、浙江石油化工有限公司、恒力石化股份有限公司、盛虹石化集团有限公司、三井物产（上海）贸易有限公司、重庆卡贝乐化工有限责任公司和江阴市金桥化工有限公司等。

目前，集团在江苏江阴、江苏靖江、湖北武汉、湖南岳阳、重庆长寿、天津南港共有六个码头仓储设施，致力于打造通江达海一体化的物流网络，实现长江上下游联动、长江南北联动、江海联动，继而进一步实现水、公、铁联动，为客户提供多方位的仓储物流一体化服务。

集团在江苏省江阴市（以下简称“**江阴项目**”）和靖江市（以下简称“**靖江项目**”）的两个仓储基地分别位于长江入海口附近的南北岸线——这一战略优势使得我们更加接近国内外的商业重要合作伙伴及在中国石化产品的运输及分销中心。

集团源于江阴项目，该项目位于江苏省江阴市境内长江南岸，拥有48座储罐，总罐容13.86万立方米。超过三分之一的储罐为不锈钢材质，集团因而成为长江三角洲地区拥有最大不锈钢储罐罐容的罐区之一。同时，江阴项目是该地区内首家拥有承接食品级化学品仓储、分包和中转业务资质的物流企业。该项目已获得大连商品交易所的乙二醇交割仓库资质和郑州商品交易所的PX交割仓库资质。

2023年6月，集团成功收购了南荣项目后，除了一起合并进集团，总罐容3.3万立方米的19座球罐，江阴项目也拥有了一座2.5万吨级开放码头使其能提供更完整和更有效率的服务。

德桥项目位于江苏省靖江市境内长江北岸，是集团规模最大综合性最强的项目，目前拥有2个石化专用码头及139座储罐，总罐容为54.75万立方米，包括罐容量为3.9万立方米的21座压力球罐，可以存放各类液化石油气及各类烯烃产品。该项目已获得郑州商品交易所的甲醇交割仓库资质和烧碱交割仓库资质。

集团作为最早发展长江石化物流的战略投资者之一，进一步扩大规模，开始了沿长江发展战略，先后在武汉（以下简称“**武汉项目**”）、重庆（以下简称“**重庆项目**”）及岳阳（以下简称“**岳阳项目**”）成立了三家子公司。这三家子公司分别位于长江中上游地区的重要石化产业枢纽地带，使得集团成为沿长江流域的一站式的石化物流服务供应商。

岳阳项目位于湖南省岳阳市临港产业新区，一期的40座储罐和1个泊位已经于2014年8月投入运行，罐容为7.2万立方米。

武汉项目位于湖北省武汉市化学工业园区，是园区液体散化品唯一指定中转仓库。该项目一期工程拥有38座储罐及2个泊位已经于2015年2月投入运行，罐容为8.8万立方米。该项目二期工程已于2023年11月开始试运行，包括34座储罐及3个泊位。建成后，武汉项目总罐容已达到30万立方米。

重庆项目位于重庆市长寿化工园区，已于2022年底全部建成投产。该项目拥有58座储罐和5个泊位，总罐容为26.6万立方米。

另外，集团于2022年9月收购了天津恒阳化工储运有限公司70%的股权（以下简称“**天津项目**”）。该项目位于天津南港工业区，该项目已建成3个泊位和26座储罐，一期总罐容13.78万立方米。该项目二期工程已于2023年11月正式开工建设，包括32座储罐。建成后，天津项目总罐容将达到31.53万立方米。

集团也在拓建岳阳项目。连同以上所述天津二期项目的建成投运，集团的总罐容将继续增加。

集团以“追求本质安全，树立行业标杆”为安全愿景，始终坚持“以人为本，安全第一，预防为主，综合治理”的安全方针，旨在实现“零事故、零伤亡、零污染”的安全目标，构建良好的安全文化氛围，保持行业内领先的HSSE管理水平。

作为高标准的质量证明，江阴项目、德桥项目、武汉项目、岳阳项目和天津项目均已荣获了中国质量认证中心和国际认证联盟联合颁发的ISO9001:2015和GB/T19001-2016质量管理体系认证证书。

另外，作为一个有社会责任感的的企业，江阴项目、德桥项目、武汉项目、岳阳项目和天津项目还均荣获了由中国质量认证中心颁发的ISO45001:2018及GB/T45001-2020职业健康安全管理体系认证证书、ISO14001:2015及GB/T24001-2016环境管理体系认证证书。



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, Management and staff of Hengyang Petrochemical Logistics Limited ("Hengyang", together with its 41.64% interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. ("China Holdco") held through its wholly-owned subsidiary, Hengyang Holding Pte Ltd ("HHPL"), collectively, the "Group"), I would like to share with you, the Group's achievements amidst the challenging business environment encountered during the financial year ended 31 December 2023 ("FY2023").



In the past year, the world economic recovery faltered, global inflation remained elevated, the spillover effects of tight monetary policies of major economies became prominent, with unilateralism, protectionism and geopolitical conflict exacerbating risks, and the external environment became more complex and severe. China has faced many challenges in its economic recovery and development with both cyclical and structural challenges exacerbated, and the economic recovery process is fluctuating and tortuous. Under the leadership of the board of directors, through the joint efforts of the management and all employees, and continued participation by shareholders, our Group achieved overall safety, stable operations and improved economic progress.

RISING DEVELOPMENT WHILE MAINTAINING STABILITY

In 2023, China's economy grew steadily, with its GDP achieving an increase of 5.2 percent on year to hit RMB126 trillion last year, above the government projected target of around 5 percent. Since the chemical industry entered 2023, with the gradual recovery of China's domestic economy, downstream demand has gradually improved compared to last year. The chemical industry has also shifted from passive destocking stage to active destocking stage, operating rate of the industry has improved, and the industry profitability has gradually improved. The scale and

profitability of the chemical industry are increasing, resulting in increased demand for chemical production capacity, transportation service and storage volume.

In FY2023, the Group recorded a loss of RMB22.80 million. This was mainly due to China Holdco's net loss of RMB56.69 million in FY2023, which was generally because (a) a full year consolidation of a net loss RMB45.21 million of Tianjin Hengyang Petrochemical Logistics Co., Ltd ("Tianjin Hengyang"), which became a 70%-owned subsidiary of China Holdco in September 2022 and (b) an increase of RMB17.67 million of borrowing cost in FY2023 following the commencement of operation of the new storage tanks of Chongqing New Hengyang in December 2022.

CHINA HOLDCO

China Holdco's revenue increased by 19.97% or RMB80.98 million from RMB405.34 million in the financial year ended 31 December 2022 ("FY2022") to RMB486.32 million in FY2023. To elaborate, revenue from the storage service segment increased by 35.71% and revenue from the transportation segment decreased by 43.63%. In line with the increased revenue, the cost of sales also increased by 14.91% or RMB45.15 million, comprising decrease of RMB40 million in transportation segment and increase of RMB85.15 million in storage service segment. As a result, the gross profit increased by

35% from RMB102.44 million in FY2022 to RMB138.27 million in FY2023. In summary, China Holdco recorded a net loss of RMB56.69 million in FY2023.

CONTINUOUS IMPROVEMENT OF CORPORATE GOVERNANCE

Good corporate governance is key to the implementation of strategic initiatives and realising the future visions of the Group. We continue to improve the Group's internal governance level, build a comprehensive and effective risk compliance and internal control management system, and strengthen the foundation of corporate governance to achieve effective results. Meanwhile, we are committed to upholding "Safety First" in production, promoting improvements in our Health, Safety and Environment Management System and process management control. We have established enhanced and comprehensive rules and regulations on safety in the production process, and we are committed to strictly complying with said rules in our business operations.

STEADY ADVANCEMENT OF DEVELOPMENT STRATEGY

In line with the Group's strategy of linking the Yangtze River to different seas, the Group's current business covers the entire Yangtze River area. Both Phase I of the Wuhan Project and Phase I of the Yueyang Project

CHAIRMAN'S STATEMENT

have seen positive progress and have achieved their respective design requirements. A breakthrough has been made in the approval of Yueyang Phase II Project. Phase II of Wuhan Project has been completed and put into trial operation in November 2023. The Chongqing Project has been fully operational as of December 2022. The Tianjin Phase II Project started construction in November 2023. The successful acquisition of the Nanrong facility allows ForeverSun Facility to gain access to further port and storage resources and further enhance the competitiveness of ForeverSun Facility in the market. In view of the aforementioned projects and their respective phases of development, the Group is expected to continue to increase its overall storage capacity. This will hopefully enable us to become one of the major petrochemical logistics and storage service solution providers in China in the near future.

In the face of tightening of safety supervision, the Group will use digital technology and intelligent safety and environmental protection measures to improve its operation and management capabilities. The Group will also continue to transform its processes and upgrade its technology for the purpose of ensuring safety in order to reduce costs, increase efficiency and reward investors with good performance.

In order to provide customers with more value-added services, the Group's strategy for logistics service integration is to take advantage of the linkage of the upper and lower reaches of the Yangtze River and the linkage of the north and south of the Yangtze River, to explore a new business model to become a one-stop petrochemical logistics and storage service solutions provider along the Yangtze River.

APPRECIATION AND ACKNOWLEDGEMENTS

In line with the listing rules of the Singapore Exchange Securities Trading Limited, Mr Anthony Ng Koon Leng and Mr Diong Tai Pew, both of whom served the Board for more than nine (9) years and are no longer considered independent, have stepped down from their directorship with Hengyang on 31 December 2023. On behalf of the Board, I would like to thank them for their contributions and guidance during their tenure with Hengyang and wish them all the best in their future endeavour.

At the same time, on behalf of the Board, I would like to welcome Mr Khaw Shee Kai as the Lead Independent Director of Hengyang. Mr Khaw has extensive finance and accounting knowledge and experience and will contribute towards the diversity of the Board.

In closing, on behalf of the Board and the Management, I wish to thank our shareholders, staff, business partners, clients and other key stakeholders for their long-term trust and valuable support. The Group will continue to work diligently and pave our way forward courageously to become one of the best one-stop petrochemical logistics and storage service solutions provider which is trusted by our customers, supported by our shareholders and respected by the society. We will strive to ensure our efforts reap long-term benefits for the Group and continue to deliver more value for the society as well as our stakeholders.

This is my first message as Chairman of Hengyang, and I look forward to working with my fellow board members and the management of the Group.

Yours faithfully,

LOY BOON HUAT

Non-Executive Independent Chairman of the Board



董事长 致辞

尊敬的各位股东：

大家好！

我谨代表恒阳石化物流有限公司（“恒阳”及其通过新加坡全资子公司持有41.64%的江阴恒阳化工储运有限公司（“江阴恒阳”），以下合称“集团”）董事会全体成员、恒阳管理层和全体员工，和您分享集团于2023年12月31日财政年，在激烈的经营环境和趋势下取得的成果。

过去一年，世界经济复苏动能不足，全球通胀水平仍处高位，主要经济体紧缩货币政策的外溢效应凸显，单边主义、保护主义和地缘政治等风险上升，外部环境更趋复杂严峻；国内经济恢复发展面临不少困难，周期性、结构性问题叠加，经济恢复进程波动曲折。恒阳集团在股东会和董事会的正确领导下，经过管理层和全体员工的共同努力，实现了集团整体安全、平稳运行、经济效益持续向好。

发展趋势保持稳定

2023年，中国经济总量稳步攀升，国内生产总值(GDP)超过126万亿元，比上年增长5.2%，实现了5%左右的预期目标。化工行业进入2023年以来，随着国内经济的逐步复苏，下游需求也相比较去年开始逐步好转，行业也由被动去库存进入了主动去库存阶段，行业开工率有所提升，行业盈利能力逐步好转。化工产业的规模和盈利能力在不断增强，从而带来较大的生产和运输、仓储需求。

集团2023财政年度产生了2,280万元人民币的亏损，主要是由于国内公司亏损5,669万元，主要因(a)2022年9月收购天津恒阳70%股权后，2023年合并了天津恒阳全年的亏损4,521万元；(b)重庆新恒阳因罐区试运行，1,767万元的借款利息进行了费用化处理等。

江阴恒阳

江阴恒阳2023财政年度的收入为4.86亿元人民币，同比2022财年的4.05亿元人民币增加了19.97%或者8,098万元，其中仓储业务收入增长35.71%，运输业务收入减少43.63%。收入增加的同时成本相应增加，2023年成本同期增加14.91%或者4,515万元，其中运输业务成本减少40.00万元，仓储业务成本增加8,515万元。江阴恒阳的毛利润从2022财年的1.02亿元人民币增加至1.38亿元人民币，同比增加35%，江阴恒阳在2023财年产生了人民币5,669万元的亏损。

企业监管治理日趋优化

良好的企业监管是落实一系列战略举措、实现未来愿景的重要保障。我们持续提升集团内部治理水平，持续构建全面有效的风险合规与内控管理体系，夯实企业监管的基石取得积极实效。同时，我们始终把“安全”作为生产的第一要义，稳步推进HSE体系建设，强化过程管控，形成了独具特色的安全文化氛围。



董事长 致辞



发展战略稳步推进

按照集团通江达海的发展战略，集团目前的业务已较完整覆盖整个长江流域，并向沿海布局跨出了历史性的关键步伐。武汉项目一期和岳阳项目一期运行状况良好，岳阳二期项目审批已取得突破性进展，武汉项目二期建设已于2023年11月完成并投入试运行。重庆项目于2022年底全部建成投产，于2023年6月正式取得经营许可证。天津项目于2023年11月正式开工建设二期项目。南荣项目的顺利收购，使得江阴项目的资产更加完整，更具市场竞争力。因此，集团的总库容在未来的一至两年内将继续增加。在不久的将来，集团将成为国内沿江沿海地区最具竞争力的第三方石化物流服务供应商之一。

面对持续加强的安全监管力度，集团将借助数字化技术和智能化安全环保措施，不断提升自身的运营管理能力，在确保安全的基础上转型升级，降本增效，以良好的业绩回报投资者。

旨在为客户提供更多的增值服务，集团实施物流服务一体化战略，利用长江上下游联动、长江南北联动、江海联动的优势，创新业务模式，为客户提供增值服务，为尽快实现使其成为通江达海的一站式石化物流服务解决方案供应商。

致谢

依据新交所条规，黄坤龙先生和张代彪先生由于任期超过九年将不能继任独立董事任期，于2023年12月31日卸下他们的独立董事职务。我代表恒阳董事会感谢他们一直以来的指导和贡献。

同时，我代表恒阳董事会欢迎新任首席独立董事许旭凯。许董的金融和会计专业和经验将协助恒阳达到多元化董事会的目标。

最后，我谨代表董事会和管理层，衷心感谢我们的员工、业务伙伴、客户及股东的长期信任及鼎力支持。我们也将踔厉奋发，勇毅前行，努力打造受客户信赖、受股东拥护、受社会尊重的一流供应链服务供应商，为集团获取长期利益，为社会和股东创造更大的价值！

这是我担任恒阳董事会主席后的首次致辞。我期待日后和其他董事会成员们以及集团管理层的合作。

此致，
黎文法
非执行主席兼独立董事



CORPORATE INFORMATION



BOARD OF DIRECTORS

Loy Boon Huat*

(Non-Executive Independent Chairman)

- re-designated as Non-Executive Independent Chairman of the Board with effect from 9 January 2024, in place of Mr Anthony Ng Koon Leng who had resigned on 31 December 2023
- appointed as an Independent Director with effect from 19 December 2023

Gu Wen Long

(Chief Executive Officer and Executive Director)

Tee Tuan Sem

(Vice Chairman and Executive Director)

Khaw Shee Kai*

(Lead Independent Director)

- re-designated as Lead Independent Director with effect from 9 January 2024, in place of Diong Tai Pew who had resigned on 31 December 2023
- appointed as an Independent Director with effect from 19 December 2023

Xie Yu

(Non-Executive Director)

AUDIT COMMITTEE

Khaw Shee Kai

(Chairman)

- re-designated as Chairman of the Audit Committee with effect from 9 January 2024, in place of Diong Tai Pew who had resigned on 31 December 2023
- appointed as a member of the Audit Committee with effect from 19 December 2023

Xie Yu

Loy Boon Huat

- appointed as member of the Audit Committee with effect from 19 December 2023

REMUNERATION COMMITTEE

Loy Boon Huat*

(Chairman)

- re-designated as Chairman of the Remuneration Committee with effect from 9 January 2024, in place of Anthony Ng Koon Leng who had resigned on 31 December 2023
- appointed as member of the Remuneration Committee with effect from 19 December 2023

Khaw Shee Kai*

- appointed as member of the Remuneration Committee with effect from 19 December 2023

Xie Yu

CORPORATE INFORMATION



NOMINATING COMMITTEE

Loy Boon Huat*

(Chairman)

- re-designated as Chairman of the Nominating Committee with effect from 9 January 2024, in place of Anthony Ng Koon Leng who had resigned on 31 December 2023
- appointed as a member of the Nominating Committee with effect from 19 December 2023

Khaw Shee Kai*

- appointed as a member of the Nominating Committee with effect from 19 December 2023

Xie Yu

* For more information, please refer to Company's announcement entitled "Changes to Board and Board Committee Composition" dated 9 January 2024.

AUDITORS

BDO LLP

Public Accountants and Chartered Accountants

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Liang Hongzhou

(Appointed since the financial year ended 31 December 2023)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

REGISTERED OFFICE

10 Anson Road
#25-06 International Plaza
Singapore 079903

JOINT COMPANY

SECRETARIES

Yap Lian Seng, LLB (Hons)

(Appointed from 30 May 2012)

Dr Qiu Yang

(Chartered Secretary, ACS, ACG)

(Appointed from 28 February 2019)

OPERATING AND FINANCIAL REVIEW

The Company is an investment holding company with no direct source of revenue. Its principal operating entity is Jiangyin Foreversun Chemical Logistics Co., Ltd. ("China Holdco", and together with its subsidiaries, the "China Holdco Group") which the Company holds 41.64% through its wholly-owned subsidiary, Hengyang Holding Pte Ltd ("HHPL") following the changes to the registered capital of China Holdco upon the completion of Proposed Increase in Registered Capital and the Proposed IPT Transactions (as respectively defined in the Company's circular dated 19 August 2022) on 20 January 2023. The remaining shareholders of China Holdco are Sinopec Chemical Sales Company Limited ("Sinopec Chemical"), CITIC Port Investment Co., Ltd. ("CITIC Port") and Jiangyin Golden Bridge Chemical Co., Ltd ("Jinqiao Chemical"), which hold the remaining 49.16%, 1.68% and 7.52% equity interest in China Holdco respectively. The Group accounts for its interest in China Holdco using the equity method where (a) the investment in China Holdco is carried in the consolidated statement of financial position of the Group at cost plus post-acquisition changes in the Group's share of net assets of China Holdco; and (b) the Group recognises its share of results of China Holdco in its consolidated statement of comprehensive income.

Share of loss of China Holdco increased RMB12.23 million from RMB5.41 million in the financial year ended 31 December ("FY") 2022 to RMB17.64 million in FY2023. Coupled with the administrative and other expenses incurred by the Company in FY2023, the Group recorded a net loss attributable to owners of the parent of RMB22.80 million in FY2023. The Group had a net profit attributable to owners of the parent of RMB18.92 million in FY2022 due to a one-off gain on dilution of equity interest in China Holdco in FY2022.

CHINA HOLDCO GROUP

RMB'000	FY2023 (Audited)	FY2022 (Audited)	VAR	% (+/-)
Revenue	486,321	405,340	80,981	19.98
Cost of sales	(348,052)	(302,900)	45,152	14.91
Gross profit	138,269	102,440	35,829	34.98
Other income ⁽²⁾	10,093	36,345	(26,252)	(72.23)
Administrative and other expenses ⁽³⁾	(90,521)	(77,238)	13,283	17.20
Finance costs ⁽⁴⁾	(118,569)	(72,732)	45,837	63.02
Loss before tax from operation	(60,728)	(11,185)	49,543	(442.94)
Income tax credit/(expense)	8,273	(3,158)	(11,431)	(361.97)
Loss for the financial year	(52,455)	(14,343)	(38,112)	265.72
Non-controlling interest	(14,338)	(7,558)	(6,780)	(89.71)
Owners of China Holdco	(38,117)	(6,785)	(31,332)	461.78
Share proportion of Company in China Holdco ⁽⁵⁾	41.64%	41.36%	0.28%	-
Share of result of China Holdco	(15,872)	(3,325)	(12,547)	377.35
Depreciation and amortisation on fair value adjustment ⁽⁶⁾	(1,767)	(2,083)	(316)	15.17
Share of result of joint venture	(17,640)	(5,408)	(12,232)	226.18

Revenue of China Holdco Group increases by 19.97% or RMB80.98 million from RMB405.34 million in FY2022 to RMB486.32 million in FY2023. This was due to a RMB116.06 million or 35.71% growth in the revenue from the storage service segment partially offset by a RMB35.08 million or 43.63% decrease in the revenue from the transportation segment.

The increased revenue from the storage service segment was mainly due to:

- increases in revenue of RMB16.25 million from Deqiao Logistics Co., Ltd., ("Deqiao"), RMB8.58 million from Yueyang Hengyang Petrochemical Logistics Co., Ltd and RMB12.06 million from Wuhan Hengyang Petrochemical Logistics Co., Ltd. These increases were attributed to new products and new customers which brought about higher utilization rate of the storage tanks of these entities;
- an increase in revenue of RMB30.79 million from Chongqing New Hengyang Logistics Co., Ltd., ("Chongqing New Hengyang") which commenced operation of its new storage tanks in December 2022;
- an increase in revenue of RMB44.70 million from the full year consolidation of the results of Tianjin Hengyang Petrochemical Logistics Co., Ltd ("Tianjin Hengyang"), which became a 70%-owned subsidiary of China Holdco in September 2022; and
- revenue contribution of RMB12.21 million from Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司), collectively, the "Nanrong Subsidiaries", which became subsidiaries of China Holdco in June 2023.

These increases in revenue were partially offset by:

- a decrease in revenue of RMB8.54 million from China Holdco, attributed to a lower utilisation rate of its storage tanks' capacity due to reduce of import chemicals;
- a decrease in revenue from the transportation segment of RMB35.08 million or 43.64%, from RMB80.39 million in FY2022 to RMB45.31 million in FY2023, as the China Holdco Group diverted its resources and ceased to service the loss-making transportation routes.

With the higher revenue, China Holdco Group's cost of sales increased by 14.91% or RMB45.15 million from RMB302.90 million in FY2022 to RMB348.05 million in FY2023, comprising an increase of RMB85.15 million in storage service segment and a decrease of RMB40 million in transportation segment. The percentage changes to the China Holdco Group's cost of sales were largely in line with its percentage changes in revenue.

Other income decreased by RMB26.25 million or 72.23%, mainly due to the absence of the one-off income of RMB25.53 million contributed by the negative goodwill in relation to the acquisition of Tianjin Hengyang in September 2022.

Administrative and other expenses increased by RMB13.28 million or 17.2%, mainly due to consolidation of RMB9.80 million and RMB3.72 million from the results of Tianjin Hengyang and Nanrong Subsidiaries respectively.

Finance costs increased by RMB45.83 million or 63.02%, mainly due to full year consolidation of RMB26.52 million finance costs of Tianjin Hengyang and an increase of RMB17.67 million of borrowing cost in FY2023 following the commencement of operation of the new storage tanks of Chongqing New Hengyang in December 2022.

Arising from the above, China Holdco Group recorded a net loss from operations of RMB56.69 million for FY2023 as compared to a net loss from operations of RMB18.59 million for FY2022, which increased by 204.49% or RMB38.10 million. In determining the Group's share of profit, depreciation on the fair value adjustment was adjusted against the net loss of China Holdco Group.

FINANCIAL HIGHLIGHTS

KEY FINANCIAL FIGURES

RMB'000	2023	2022
INCOME STATEMENT		
(Loss)/Profit for the financial year	(22,801)	18,923
(Loss)/Profit attributable to owners of the parent	(22,801)	18,923
BALANCE SHEET		
Cash and cash balances	23,105	37,410
Total assets	550,694	573,942
Total liabilities	(1,650)	(2,097)
Total equity	549,044	571,845
CASH FLOW STATEMENT		
Net cash used in operating activities	(5,657)	(4,217)
Net cash (used in)/generated from investing activities	(8,530)	360
Net cash used in financing activities	(58)	(8,998)
KEY RATIO		
Cash to total assets	4.20%	6.52%



BOARD OF DIRECTORS



MR LOY BOON HUAT

NON-EXECUTIVE INDEPENDENT CHAIRMAN OF THE BOARD

Mr Loy Boon Huat (**"Mr Loy"**) is our Non-Executive Chairman and Independent Director. He was appointed to our Board on 19 December 2023. He is also the Chairman of our Remuneration Committee and Nominating Committee, and a member of our Audit Committee.

Prior to joining the Group, Mr Loy started his career as a Project Manager at Esso Singapore Pte. Ltd. In 1990, he joined Dow Chemical Pacific Pte. Ltd. as the Regional Distribution Manager, spending one year in Dow Texas Freeport operations in the regional distribution of railcars, trucking and offsite terminal storage operations. From 1994 to 1998, Mr Loy spearheaded business growth expansion in China as the Regional Senior Operations Manager of ICI Polyurethanes Pacific, responsible for systems production, supply chain, customer service, purchasing, Information Technology, and Environment, Health and Safety, while based in Singapore. In 1998, Mr Loy left to join Dow Chemical as a Regional Supply Chain Director in respect of performance chemicals and chemicals intermediates. From 2005 to 2015, Mr Loy led the logistics and supply chain development in Dow Chemical, including working on the Sadara Project joint venture with Saudi Aramco in Shanghai and exploring a joint venture with Shenhua Coal Company in China. Mr Loy is concurrently the General Manager of Dovechem Industries Pte. Ltd. (**"Dovechem Industries"**) and a Director of Waminc Services Pte. Ltd. (**"Waminc Services"**) since 2015. As the General Manager of Dovechem Industries, Mr Loy is responsible for training of the crew and maintenance of safe operations of Singapore Lube Park, Myanmar PSW Oil Terminal and Chemical Plants operations on Jurong Island, Singapore. Mr Loy also helms the oil trading business with Waminc Services and manages projects for Waminc Services.

Mr Loy graduated from the University of Strathclyde Glasgow/Scotland with a Bachelor of Science (1st Class Honours) in Mechanical Engineering. He also holds a Master of Science in Industrial & Systems Engineering from the National University of Singapore. Mr Loy is a Qualified Professional Engineer in Singapore and a Certified Chartered Engineer (UK).



MR TEE TUAN SEM

VICE CHAIRMAN AND EXECUTIVE DIRECTOR

Mr Tee Tuan Sem (**"Mr Tee"**) is our Vice Chairman and Executive Director and was appointed to our Board on 15 August 2008.

Prior to joining our Group, Mr Tee was an audit manager in Tet. O Chong & Co., (an established firm of public accountants) from 1976 to 1980, where he was mainly in charge of statutory audit and tax matters. Mr Tee joined Integrated Forwarding & Shipping Berhad (whose main business includes freight forwarding, transportation and distribution and which was a subsidiary of ILB Group Berhad (formerly known as Integrated Logistics Berhad (**"ILB"**))), a company with main businesses in renewable energy industry in Malaysia listed on Bursa Malaysia) as the company's chief accountant in 1981. He was subsequently promoted to the position of finance director in 1998, chief executive officer in 2001 and Executive Vice Chairman of ILB from 1 Jan 2023 to 31 March 2024. On 1 April 2024, Mr Tee was redesignated as Non-Independent Non-Executive Director of ILB.

Mr Tee graduated from Tunku Abdul Rahman College in 1975. He is a Fellow Member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants.

BOARD OF DIRECTORS

**MR GU WEN LONG (顾文龙)***EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER*

Mr Gu Wen Long (“**Mr Gu**”) is our Executive Director and Chief Executive Officer.

He has been the Chief Executive Officer of China Holdco since November 2002. He was appointed to our Board on 23 April 2008. He is responsible for the daily operations of the Company and the formulation of the overall business strategies and policies for our Group. Now he is the Chairman of the Board of China Holdco. Mr Gu started his career in 1988 in the Jiangyin City Planning Committee, where he served as the deputy section chief, mainly involved in the implementation of relevant governmental plans. From 1993 to 1996, he was appointed as the vice general manager of Jiangyin City Third Industry Development Co., Ltd., where his primary responsibility was to oversee the business of coal trading. From 1996 to 2002, Mr Gu served as the manager of the credit loan management department of Shanghai Pudong Development Bank (Jiangyin Branch) where he was in charge of personal and corporate loan management.

Mr Gu graduated from Nanjing University in 1988 with a bachelor's degree in Economics.

**MR KHAW SHEE KAI***LEAD INDEPENDENT DIRECTOR*

Mr Khaw Shee Kai (“**Mr Khaw**”) is our Non-Executive and Lead Independent Director and was appointed to the Board on 19 December 2023. He is the Chairman of our Audit Committee and a member of our Nominating Committee and Remuneration Committee.

Mr Khaw began his career in 2005 as an audit semi-senior with Moores Rowland (KL), a chartered accountants' firm in Kuala Lumpur, Malaysia. In 2007, he joined Foo Kon Tan Grant Thornton as an audit senior before leaving to join China Powerplus Limited, a SGX-ST Mainboard listed company, in 2010, as its group finance manager. In 2011, he joined Jiutian Chemical Group Limited, a then SGX-ST Mainboard listed company, as its financial controller. In 2015, he was appointed as the finance manager of SGX-ST Mainboard listed Mapletree Greater China Commercial Trust. Mr Khaw subsequently joined Weike (S) Pte. Ltd. in 2016 as its financial controller before leaving to join Avida Health Pte. Ltd. as its finance director in 2017. Mr Khaw re-joined Weike (S) Pte. Ltd. in 2019 as its financial controller. In 2021, Mr Khaw joined SGX-Catalist listed LHN Logistics Limited as its financial controller. Mr Khaw is currently an Executive Director of Milkyway International Tank Transportation Shared Services Sdn Bhd and YQ Holdings Sdn Bhd, and Non-Executive Director of Chemist Mart Pte. Ltd.

Mr Khaw graduated from College Tunku Abdul Rahman in 2003 with a Diploma in Business Studies (Accounting) and from University Tunku Abdul Rahman in 2005 with a Bachelor of Commerce (Honours) Accounting. Mr Khaw has been a member (Chartered Certified Accountant) of the Association of Chartered Certified Accountants (UK) since 2010 and a member (Chartered Accountant) of the Institute of Singapore Chartered Accountants since 2017.

**MR XIE YU (谢瑀)***NON-EXECUTIVE DIRECTOR*

Mr Xie Yu (“**Mr Xie**”) is our Non-Executive Director and was appointed to our Board on 19 November 2008. He is a member of our Audit Committee, Nominating Committee and Remuneration Committee.

He started his career in 1988 as the head of the enterprise department in Jiangsu Province State-Owned Properties Management Bureau. In 1998, he assumed the position of deputy general manager at the Nanjing Branch of Nanfang Securities, a position he held until 2002. At Nanfang Securities, he was mainly in charge of investment banking and securities trading related matters. From 2003 to 2006, he was the chairman of Shanghai Kanghong Investment Co., Ltd. Mr Xie is currently a director of Jiangsu Fuyou Technology Co., Ltd, Nanjing Haofu New Material Co., Ltd, Nanjing Hongdao New Energy Technology Co., Ltd. and Jadestone Development Ltd. respectively and the general partner of Ningbo Furun Sanhe Partnership and Ningbo Runhao Investment Partnership respectively.

Mr Xie obtained his Bachelor of Economics degree from Nanjing University in 1988 and his graduation certification for a Master's programme in Public Finance from Suzhou University in 1995.

KEY MANAGEMENT



MR XIN FENG (辛峰)
VICE GENERAL MANAGER (“VGM”)

Mr Xin Feng (“**Mr Xin**”) is our Vice General Manager in charge of construction of projects and quality and quantity control of the projects. He was appointed to his present role on 30 April 2012. Mr Xin has extensive experience, qualifications and knowledge in the petrochemical logistics industry in the PRC.

Mr Xin worked at Jiangyin Saisheng Polyester New Materials Co., Ltd. from 2002 to 2008 as the assistant general manager, where he was mainly in charge of construction of the projects and management of, inter alia, the property, plant and equipment. From 2008 until he joined our Group in 2012, Mr Xin worked at Nanjing Kangyang Chemical Logistics Co., Ltd. as the vice general manager in charge of the overall management of the facilities.

Mr Xin obtained his bachelor degree in Chemical Engineering from Nanjing University of Technology in 1996 and his Master of Business Administration degree from Nanjing University in 2005.

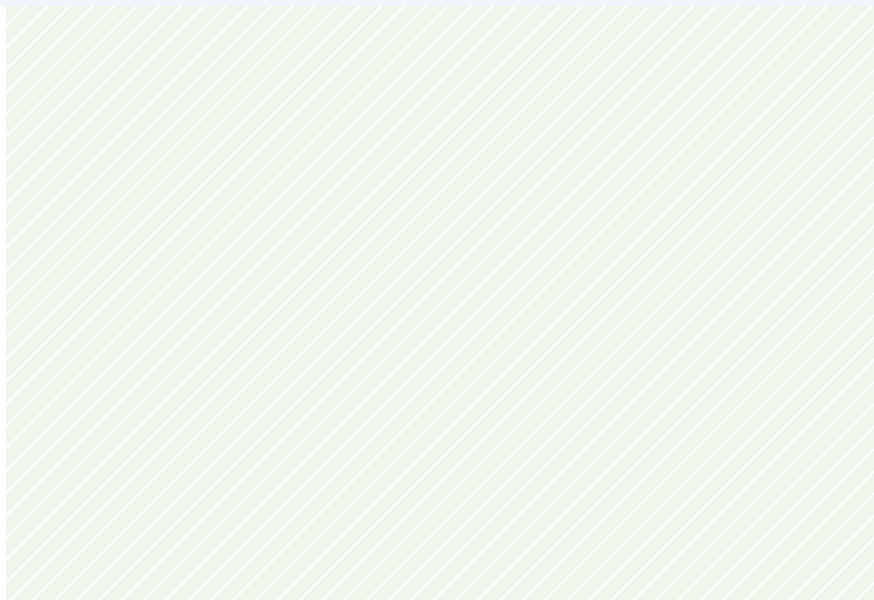


MS ZHANG QIN (张钦)
CHIEF FINANCIAL OFFICER (“CFO”)

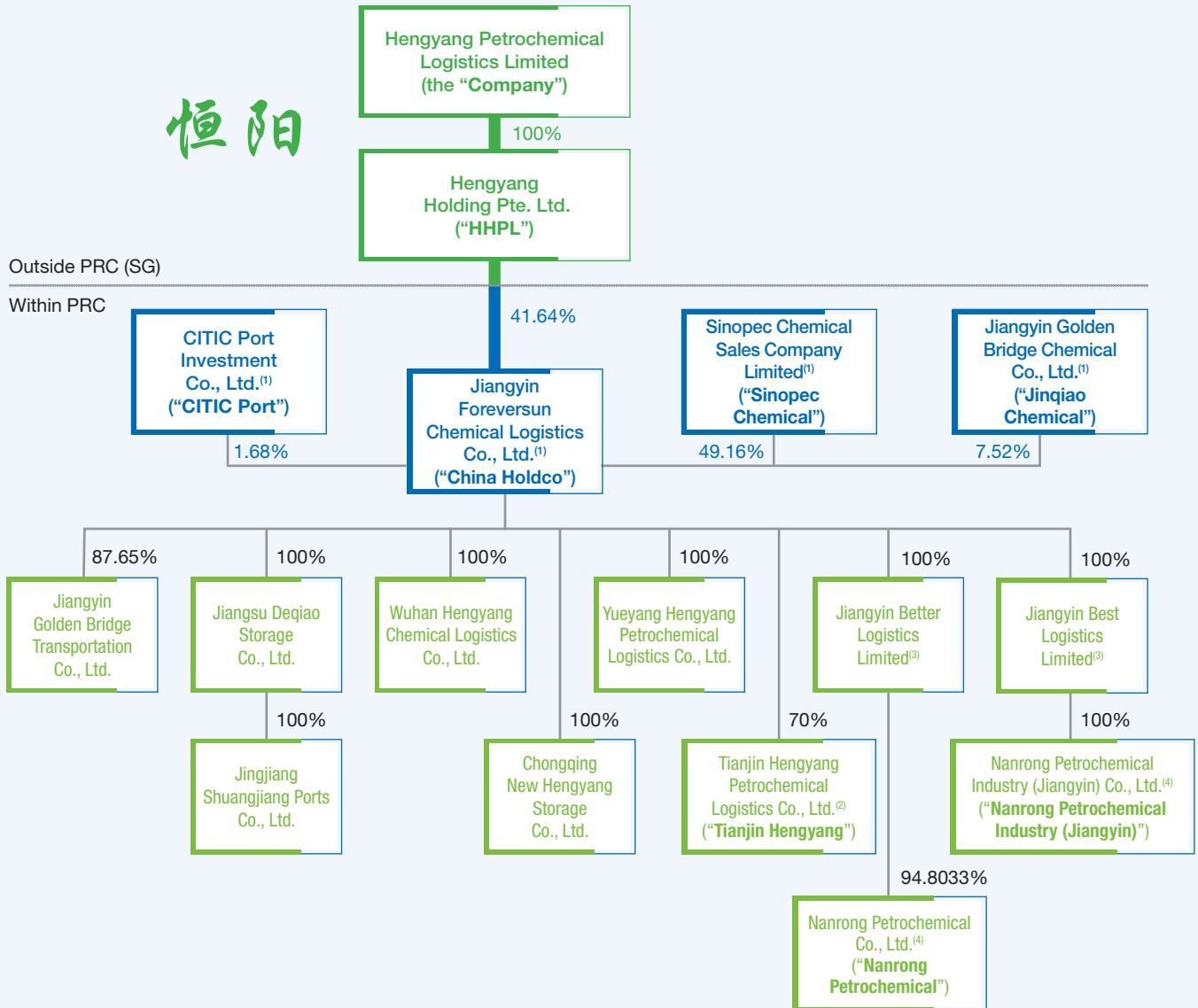
Ms Zhang Qin (“**Ms Zhang**”) was appointed as Chief Financial Officer of the Group on 17 May 2021. She is responsible for overseeing the full spectrum of financial activities of the Group.

Ms Zhang joined the Group in March 2019 as Manager of the Group’s internal audit department. In 2020, she was promoted to Deputy Chief Financial Executive. Prior to joining the Group, Ms Zhang had more than 10 years of experience in financial reporting and management accounting.

She has been a member of the Association of Chartered Certified Accountants since February 2021 and holds a Bachelor Degree in Accounting and Management from Zhongnan University of Economics & Laws, China.



GROUP STRUCTURE



Notes:

- (1) China Holdco had on 20 January 2023 completed the increase in its registered capital (the "China Holdco's Increase in Registered Capital"). Following the completion of the China Holdco's Increase in Registered Capital:
 - a. HHPL's shareholding in China Holdco was reduced from 49% to 41.64%;
 - b. Sinopec Chemical's shareholding in China Holdco was increased from 49% to 49.16%;
 - c. CITIC Port's shareholding in China Holdco was reduced from 2% to 1.68%; and
 - d. Jinqiao Chemical became a 7.52% shareholder of China Holdco.

For more information on the China Holdco's Increase in Registered Capital, please refer to Company's circular dated 19 August 2022 and the Company's announcements dated 13 July 2022, 5 September 2022, 12 September 2022 and 20 January 2023.
- (2) China Holdco had on 23 June 2022 completed the acquisition of 49% of the equity interest in Tianjin Hengyang, and on 5 September 2022 completed the acquisition of an additional 21% of the equity interest in Tianjin Hengyang. Hence, Tianjin Hengyang is a 70%-owned subsidiary of the China Holdco. For more information, please refer to Company's circular dated 8 July 2022 and the Company's announcements dated 21 June 2022, 30 June 2022, 25 July 2022, 1 August 2022, 15 August 2022 and 7 September 2022.
- (3) Incorporated by China Holdco on 25 October 2022. For more information, please refer to Company's announcement dated 15 November 2022.
- (4) Jiangyin Better Logistics Limited and Jiangyin Best Logistics Limited, had on 30 June 2023, respectively completed the acquisition of 94.80333% of the equity interest in Nanrong Petrochemical and 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin) (collectively, the "Nanrong Subsidiaries"). For more information, please refer to Company's announcements dated 24 February 2023, 21 March 2023, 6 March 2023, 23 March 2023 and 30 June 2023.



“The Group will continue to work diligently and pave our way forward courageously to become one of the best one-stop petrochemical logistics and storage service solutions provider.”

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This sustainability report by Hengyang Petrochemical Logistics Limited (“Hengyang”, together with its 41.64% interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. held through its wholly-owned subsidiary, Hengyang Holding Pte Ltd (collectively, the “Group”) sets out the Group’s sustainability strategies, performances and initiatives that are considered in line with our long-term goal to create sustainable value for our shareholders, customers, employees, suppliers and local communities.

Reporting Standards and Guidelines

This report has been prepared in accordance with the sustainability reporting requirements of Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”). We have also prepared this report with reference to the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”), as they represent the most widely used

standards globally for sustainability reporting. This report is also prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).

Reporting Period and Scope

This report describes policies, practices and performance for Economic, Environmental, Social and Governance (“EESG”) factors material to the Group’s business and key stakeholders during the financial period from 1 January to 31 December 2023. As Hengyang only holds 41.64% interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (the “China Holdco”), Hengyang does not consolidate the result of the China Holdco and its subsidiaries (collectively, the China Holdco Group”) in its financial statements. Nevertheless, given that the China Holdco Group is the sole operating entity of the Group, it is relevant for stakeholders to understand the sustainability efforts embarked by the China Holdco Group. The scope of information and data disclosed herein mainly focuses on Jiangsu Deqiao Storage Co., Ltd. (“Deqiao Facilities”) under the China Holdco Group as it is the largest storage

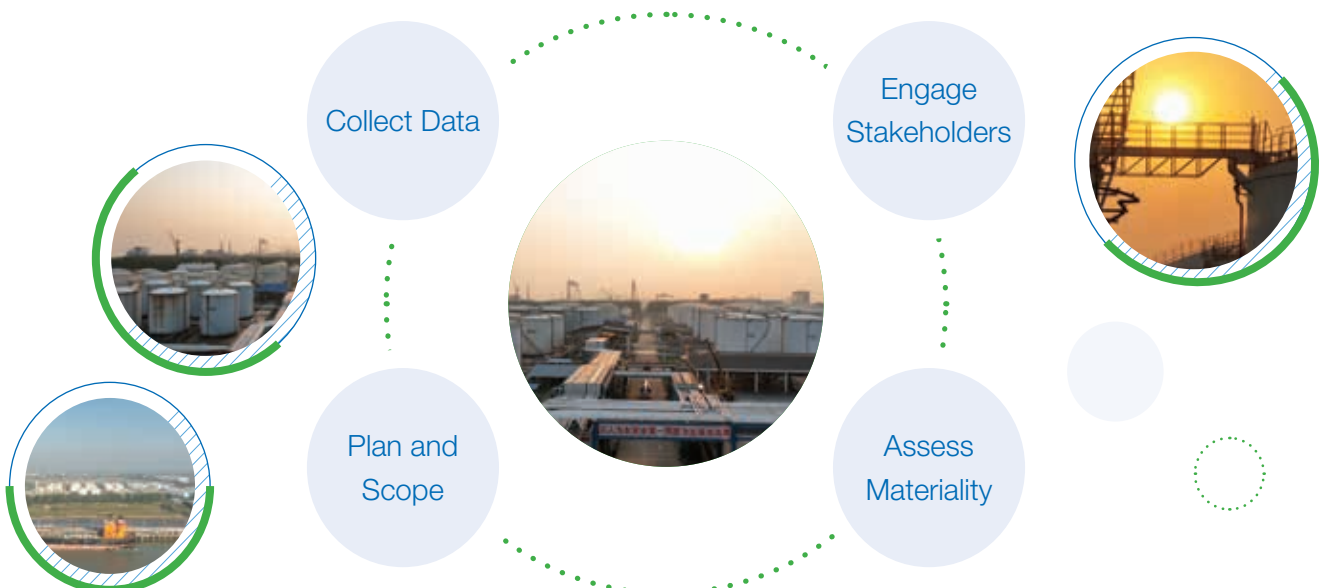
facilities of the China Holdco Group, accounting for approximately 32% of the revenue of the China Holdco Group for FY2023. This year, the Group has enhanced its sustainability disclosures by quantifying each reported indicator and setting quantitative targets, where appropriate.

Assurance

Hengyang has relied on internal data verification to ensure accuracy of information disclosed in this report. We will work towards internal review by our internal auditors in the subsequent sustainability reports. We will also explore possibilities for external assurance when a more advanced level of maturity in reporting has been established.

Feedback and Contact Point

At Hengyang, we place significant importance on the opinions and feedback of our stakeholders. We welcome comments and feedback on our sustainability policies and practices to improve our sustainability performance. Please reach out to us at contact@hyplc.com.



SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors of Hengyang (the “Board”) is pleased to present the Sustainability Report of the Group for the financial year ended 31 December 2023 (“FY2023”). FY2023 has continued to be a challenging year as businesses wrestle with supply chain disruptions, geopolitical conflicts and global inflation in a post pandemic world. Despite these global headwinds, the Board is cognisant of our responsibility in championing sustainable development while ensuring our resilience and long-term viability.

Being in the petrochemical industry, sustainability remains an integral part of the Group’s wider strategy to create long-term value for our stakeholders. Our goal is thus to integrate EESG considerations across our business operations. The Board, assisted primarily by the management, formulates sustainability related strategies and guidelines, oversees the material EESG factors of the Group and assumes leadership in managing sustainability matters. We will continue to work closely with management to focus on our sustainability endeavours and align with relevant sustainability regulations, standards and guidelines.

In FY2023, we have made significant progress in the reporting of our EESG data by refining the accuracy of data, disclosing quantitative metrics of each material factor as well as set corresponding targets, where appropriate. In light of the growing threat of climate change to businesses globally, we have disclosed 11 TCFD recommendations by evaluating the physical and transitional risks relevant to our operations. We have also started to quantify our Scope 1 and Scope 2 emissions to better understand our carbon footprint. Moving forward, we plan to take a phased approach to further adopt TCFD recommendations on climate risk management to strengthen our resilience towards climate-related risks and opportunities.

We would like to express our gratitude for your continued support on our sustainability journey.

Hengyang Petrochemical Logistics Limited
Board of Directors



SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

Hengyang recognises the importance of an effective sustainability governance structure as part of our corporate strategy for achieving long-term growth. The Group's governance structure supports and drives our sustainability development journey.

Under the sustainability structure, the Board governs and spearheads our sustainability agenda. The Board assumes leadership and oversees the management of our material EESG issues, formulates strategies and develops sustainability-related policies. The Management, comprising group level senior management and general managers of our facilities support the Board by advising and reporting to the Board on sustainability matters. Management also manages and monitors our overall sustainability performance and targets. The Staff, represented by our heads of departments, supports the management level by managing and implementing sustainability initiatives across our operations. They are also tasked to monitor our sustainability progress and provide feedback on improvements in the event where our performance does not meet established targets.



Board of Directors

- Directs and supervises the sustainability direction, strategies and policies



Management
*Group level senior management
General Managers of Terminal Facilities*

- Advises and supports the Board on sustainability matters, strategies and policies
- Manages and monitors sustainability performance and targets



Staff
Heads of Departments

- Implement sustainability initiatives and provide feedback on improvements



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

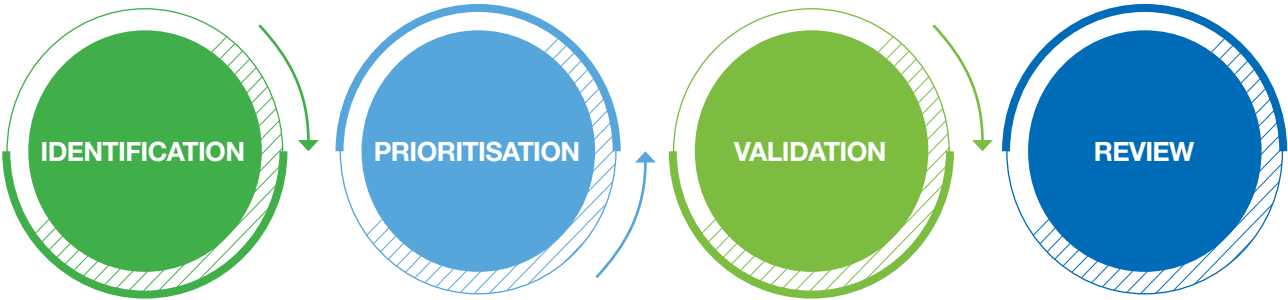
The stakeholders of Hengyang form a crucial part of our business. It is important that we regularly engage with stakeholders through various channels to understand and address their needs. The stakeholders identified are based on our value chain including upstream and downstream stakeholders. The table below provides information on the channels and frequency of engagements with different stakeholder groups as well as their areas of concern.

Stakeholder	Topics of Concern	Mode of Engagement	Frequency of Engagements
Customers	<ul style="list-style-type: none"> Quality services and solutions Code of conduct Safety Tank Certification Available feedback platforms 	<ul style="list-style-type: none"> Regular customer visits 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Meetings 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Email/phone call communication 	<ul style="list-style-type: none"> Throughout the year
Employees	<ul style="list-style-type: none"> Employee engagement Employee rights and welfare Personal development Safety and security Good working environment 	<ul style="list-style-type: none"> Regular staff meetings 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Staff appraisal and performance review 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Training programme on safety standards and procedures, health and hygiene standards 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Open communication through multiple channels 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> External training 	<ul style="list-style-type: none"> Throughout the year
Shareholders	<ul style="list-style-type: none"> Corporate governance Timely information Financial performance 	<ul style="list-style-type: none"> Annual report and Sustainability Report 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Annual general meeting 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Public announcements via SGXNET 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Company website 	<ul style="list-style-type: none"> Annually
Suppliers	<ul style="list-style-type: none"> Regular business Compliance with terms and conditions of purchasing policies and procedures Maintenance of ethical standards 	<ul style="list-style-type: none"> Request for proposal and quotation 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Suppliers agreements 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Suppliers evaluation 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Third party certification 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Supplier visits/meetings & emails/ phone call communication 	<ul style="list-style-type: none"> Throughout the year
Regulators	<ul style="list-style-type: none"> Compliance with applicable rules and regulations 	<ul style="list-style-type: none"> Regulators publication/written communication 	<ul style="list-style-type: none"> Throughout the year
Community	<ul style="list-style-type: none"> Responsible business operations Support for social causes Societal concerns 	<ul style="list-style-type: none"> Sustainability report 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Corporation Social Responsibility (CSR) initiatives 	<ul style="list-style-type: none"> Throughout the year

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

A materiality assessment is essential in identifying and prioritising relevant EESG issues that matter most to the organisation. In FY2023, we conducted a review of our existing material topics based on the four-step process to better understand the emerging sustainability issues, risks and opportunities facing our industry and business. We have started disclosing our emissions profile under the renamed topic “Energy and Emissions”, while the other material topics remain consistent with the previous year. We will continue to review and evaluate the list of material topics annually, to ensure that our sustainability efforts are aligned with our business goals, stakeholders’ expectations and industry needs.



The 9 material topics have been grouped under our three sustainability pillars in the table below.



1 “Economic” and “Governance” have been combined to form a sustainability pillar this reporting year.
 2 “Energy” material topic in FY2022 has been renamed to “Energy and Emissions” this reporting year.
 3 “Safety” material topic in FY2022 has been renamed to “Health and Safety” this reporting year to better align with the GRI standards. It has also been grouped under the Social sustainability pillar (it was previously under the Environmental sustainability pillar).

SUSTAINABILITY REPORT

ECONOMIC AND GOVERNANCE

At Hengyang, ensuring business growth with strong governance and ethical integrity is one of our key priorities. We conduct our business in accordance with the governance structures, policies and principles that have been implemented while upholding transparency, accountability and ethical behaviour in our operations.

Economic Performance

Hengyang views economic performance as a key factor in ensuring business viability and the creation of long-term value for our stakeholders. We aim to attain sustainable growth to provide desirable returns over the long-term.

China Holdco Group reported a revenue of RMB468.32 million and a loss after tax of RMB52.46 million for FY2023. Please refer to the Operational and Financial Review on page 10 and Financial Highlights on page 11 of this Annual Report for more details on the economic performance of China Holdco Group in FY2023.

With the strategic aim of becoming a one-stop petrochemical logistics and storage service solutions provider along the Yangtze River, our strategy is to expand our market presence and improve the accessibility of customers to our facilities in the vicinity of the Yangtze River. To this end, we have embarked on plans to increase our storage capacity with the construction of the facilities in Wuhan and Yueyang. The Wuhan facility has been completed and started trial operations in FY2023.

	FY2023		FY2024
	Target	Progress	Target
Economic Performance	<ul style="list-style-type: none"> Ensure the operation of the Group's current facilities and make progress in economic indicators. Complete the construction of Phase II of Wuhan Facility. 	<ul style="list-style-type: none"> Delivered improvements to our economic indicators and ensured the smooth operation of our current facilities. Completed Phase II of Wuhan Facility. 	<ul style="list-style-type: none"> Ensure the financial viability of the Group's operations and make progress in economic indicators.

Corporate Governance

Hengyang is committed to complying with best practices of good governance in line with the Singapore Code of Corporate Governance 2018 and maintaining a high ethical standard across its operations and business activities. The Board and management ensure that sound policies and responsible practices are implemented in order to safeguard the long-term interests of our stakeholders. For more information on our corporate governance policies and procedures, please refer to the Report on Corporate Governance, on pages 38 to 74 of this Annual Report.

Whistleblowing Policy

We have put in place a whistle-blowing framework and procedures endorsed by the Audit Committee. Employees may, in confidence, raise concerns about possible improper financial reporting or other matters. All whistleblower complaints will be investigated independently, and appropriate follow-up actions of such matters will be taken. We protect the confidentiality of the identity of a whistleblower and the details of the concern.

SUSTAINABILITY REPORT

The Group has not received any whistleblowing reports or concerns in FY2023.

	FY2023		FY2024
	Target	Progress	Target
Corporate Governance	<ul style="list-style-type: none"> Continue to strive for the highest level of governance, and to maintain an effective whistleblowing framework. 	<ul style="list-style-type: none"> Continued to adopt good governance practices and maintain an effective whistle-blowing framework. 	<ul style="list-style-type: none"> Continue to strive for the highest standards of governance and maintain an effective whistleblowing framework.

Dealings in Securities

In line with Rule 1204 of the Catalist Rules on Dealings in Securities, the Group has its own internal compliance code to provide guidance on dealings in listed securities of the Group. Directors and employees are advised to refrain from dealings in the securities of the Group on short-term considerations or when they are in possession of unpublished price-sensitive and/or trade-sensitive information. They are also prohibited from dealings in the Group’s securities two (2) weeks before the announcement of the Group’s financial statements for each of the first three (3) quarters of its financial year, or one (1) month before the announcement of the Group’s full financial year results and ending on the day of the announcement such results.

Risk Management

Hengyang is cognisant of the importance of a robust risk management framework to safeguard the Group’s interests and business performance. We have put in place an effective and practical Enterprise Risk Management (“ERM”) framework that helps to identify business risks, assess the exposure of risks and develop appropriate control measures to mitigate these risks. This process enables Management to make informed decisions and allocate the Group’s resources effectively. Management also reviews all control policies and procedures on a regular basis. Significant risk issues will be highlighted and reported to the Board and the Audit Committee.

More information on our risk management can be found on pages 55 to 56 of our Annual Report FY2023.

Anti-corruption

At Hengyang, we are committed to upholding the highest standards of integrity and accountability to protect the interests of our stakeholders and build stakeholder trust in us. We maintain a zero-tolerance stance towards corruption. Our Anti-Corruption Policy sets out the prohibition of corruption in all forms, such as extortion and bribery that could arise in the course of our business activities. We have also communicated to our stakeholders, including employees, customers and suppliers about our anti-corruption stance.

Guided by our Whistleblowing Policy, which includes guidelines for reporting and investigating corrupt practices, all complaints or reports of improprieties shall be reported to the Chairman of the Audit Committee in person or via an email (leadid@hyplc.com) that is only accessible by the Chairman of the Audit Committee.

In FY2023, we have maintained zero incidents of corruption.

	FY2024
	Target
Anti-corruption	<ul style="list-style-type: none"> Maintain zero incidents of corruption.

SUSTAINABILITY REPORT



ENVIRONMENT

We are fully aware of our responsibility to reduce our environmental impact and work towards a more sustainable future for our stakeholders and the communities in which we operate. We strive to adopt sustainable practices to mitigate the adverse environmental effects of our operations through efforts such as utilising energy-efficient infrastructure where possible and ensuring that our air emissions are kept within safe levels.

Energy and Emissions

Being in the petrochemical logistics industry, our sources of energy consumption include combustion of natural gas to treat the VOCs (combust the vapours) that are released during transportation and storage of customer's products, heating of customers' products using boilers (steam), fuel consumed from transporting customers' products and electricity use in our facilities operations.

We have implemented various initiatives to reduce our overall energy consumption, such as installing more energy-efficient industrial lighting, switching to renewable electricity where possible, and installing gas recovery systems at loading stations, pump stations and tank farms.

In FY2023, our total energy consumption amounted to 24,474.5 Gigajoules (GJ) and our energy intensity was calculated to be 52.3 GJ per RMB1 million revenue generated. We are in the process of establishing ways to collect and track our natural gas and steam consumption. We will also continually explore new and innovative measures to reduce the energy consumption within our facilities such as switching to more energy-efficient equipment and systems.

Energy Consumption	FY2023	
	Deqiao Facilities	
	Consumption	Energy Amount (GJ)
Diesel	121,786.6 litres	4,411.7 ¹
Electricity	5,573.0 MWh	20,062.8 ²
Total		24,474.5

¹ Energy conversion for diesel is calculated using internal calculations.

² The factor used to convert the amount of electricity consumed from kWh to GJ is 0.0036.

SUSTAINABILITY REPORT

China Holdco Group’s operations are based in China. In view of China’s target to achieve net zero emissions by 2060, Hengyang is aware of this responsibility and aims to support the transition to a low-carbon economy gradually. In FY2023, our total Scope 1 and Scope 2 GHG emissions amounted to 4,660.1 tCO₂e. Our emissions intensity (Scope 1 and Scope 2) was calculated to be 9.95 tCO₂e per RMB1 million revenue generated. We plan to continue to monitor our carbon emissions and further refine the accuracy of our emission inventory in future years of sustainability reporting.

GHG Emissions in tCO ₂ e	FY2023
	Deqiao Facilities
Direct (Scope 1) GHG emissions ¹	326.0
Indirect (Scope 2) GHG emissions ²	4,334.1

- 1 Scope 1 emissions are calculated using the World Resources Institute (2015) GHG Protocol tool for stationary combustion (Version 4.1), with emission factors sourced from the 2006 Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5).
- 2 Scope 2 emissions are calculated using the 2021 East China Grid Emission Factors based on the Institute for Global Environmental Strategies (2023) List of Grid Emission Factors (version 11.3) which provides emission factors sourced from China’s National Center for Climate Change Strategy and International Cooperation (NCSC).

Environmental Compliance

As a petrochemical logistics and storage service provider, complying with environmental laws and regulations is our utmost priority.

We have established an Environmental Management System (“EMS”) certified under ISO 14001:2015 and GB/T 24001-2016 to ensure our compliance with the applicable environmental regulations in areas of air pollution, noise control and wastewater treatment and discharge. We ensure that environmental noise levels in our storage facilities are kept within permitted levels, air emissions are monitored closely under our air pollution control systems to remove impurities from air emissions as well as wastewater is properly treated before discharge. To help the Group oversee and manage environmental protection related matters, we have appointed specialised personnel to ensure compliance with all applicable local regulations. Furthermore, we ensure that necessary environmental permits and approvals to conduct our business are obtained, such as the pollutant discharge permit and the operating permit for loading and unloading of hazardous chemicals.

The Group’s accreditations are summarised as follows.

Year	Company	Accreditation	Accreditation Body
2020	<ul style="list-style-type: none"> Jiangyin Foreversun Chemical Logistics Co., Ltd. 	Compliance with Food Safety Management System standards: <ul style="list-style-type: none"> ISO 22000:2018 GB/T 22000-2020 	China Quality Certification Centre (“CQC”) and IQNET
2016	<ul style="list-style-type: none"> Jiangyin Foreversun Chemical Logistics Co., Ltd. Jiangsu Deqiao Storage Co., Ltd. Wuhan Hengyang Chemical Logistics Co., Ltd. Yueyang Hengyang Petrochemical Logistics Co., Ltd. Tianjin Hengyang Chemical Logistics Co., Ltd. 	Compliance with Environmental Management System standards: <ul style="list-style-type: none"> ISO 14001:2015 GB/T 24001-2016 	CQC and IQNET

SUSTAINABILITY REPORT

Year	Company	Accreditation	Accreditation Body
2015 and 2021	<ul style="list-style-type: none"> Jiangyin Foreversun Chemical Logistics Co., Ltd. Jiangsu Deqiao Storage Co., Ltd. 	Chemical Distribution Institute – Terminals (“CDI-T”) attestation	Chemical Distribution Institute (London)
2016	<ul style="list-style-type: none"> Jiangyin Foreversun Chemical Logistics Co., Ltd. Jiangsu Deqiao Storage Co., Ltd. Wuhan Hengyang Chemical Logistics Co., Ltd. Yueyang Hengyang Petrochemical Logistics Co., Ltd. Tianjin Hengyang Chemical Logistics Co., Ltd. 	Compliance with Quality Management System standards: <ul style="list-style-type: none"> ISO 9001:2015 GB/T 19001-2016 	CQC and IQNET

In FY2023, there were zero cases of non-compliance with environmental laws and/or regulations.

	FY2023		FY2024
	Target	Progress	Target
Environmental Compliance	<ul style="list-style-type: none"> Zero incidents for non-compliance No breach of environmental laws 	<ul style="list-style-type: none"> Maintained zero cases of non-compliance, and no breach of any applicable environmental laws and/or regulations. 	<ul style="list-style-type: none"> Zero cases of non-compliance, and no breach of any applicable with environmental laws and/or regulations.

SOCIAL

At Hengyang, making a positive impact on society is one of our key priorities. We believe that care should start with our employees, who play a crucial role in driving the sustainable growth of our business and extend to the communities in which we operate and the society at large.

Our People

Our people are the key driving force towards ensuring the Group’s long-term growth and success. We place great emphasis in the development and well-being of our employees by investing in resources to train, recruit and retain good employees.

To provide an engaging and conducive workplace environment for our employees, we have adopted sound Human Resource (“HR”) policies that are in accordance with local labour laws and regulations, and implemented labour practices that reward employee performance, encourage work-life balance, offer attractive benefits and provide equal opportunities for training and career development. All our employees receive an annual performance appraisal which includes a review of their compensation and benefits in line with market trends.

SUSTAINABILITY REPORT

We also provide the following benefits to enhance the well-being of our employees:

- Various insurance schemes, including medical insurance, employment injury insurance, maternity insurance, employer's liability insurance and life insurance
- Occupational ill health screening
- Leaves including maternity and paternity leave, hospitalisation leave, marriage leave and sabbatical leave
- Holiday and special occasion benefits

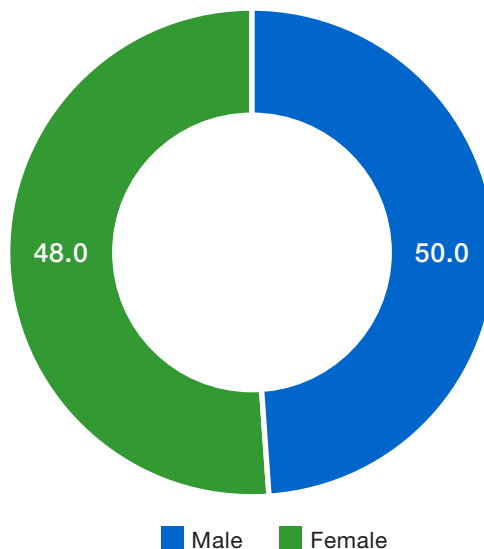
In FY2023, we had a total of 905 employees, of which 176 are new hires. We experienced an employee new hire rate of 19% and turnover rate of 15%. We have set a target to keep our turnover rate below 20%.

Employee Management and Development

We are committed to the holistic development of our people. We strive to provide our employees with career growth opportunities that enable them to develop valuable skill sets that are crucial and relevant for their job specifications.

In FY2023, we have conducted training programmes to support the professional development of our employees. The training programmes included technical to leadership upskilling such as health and safety training, emergency preparedness exercise and environmental awareness programmes. We clocked a total of 44,778 hours for our employees, with an average of 49.5 hours per employee.

Average Training Hours by Gender

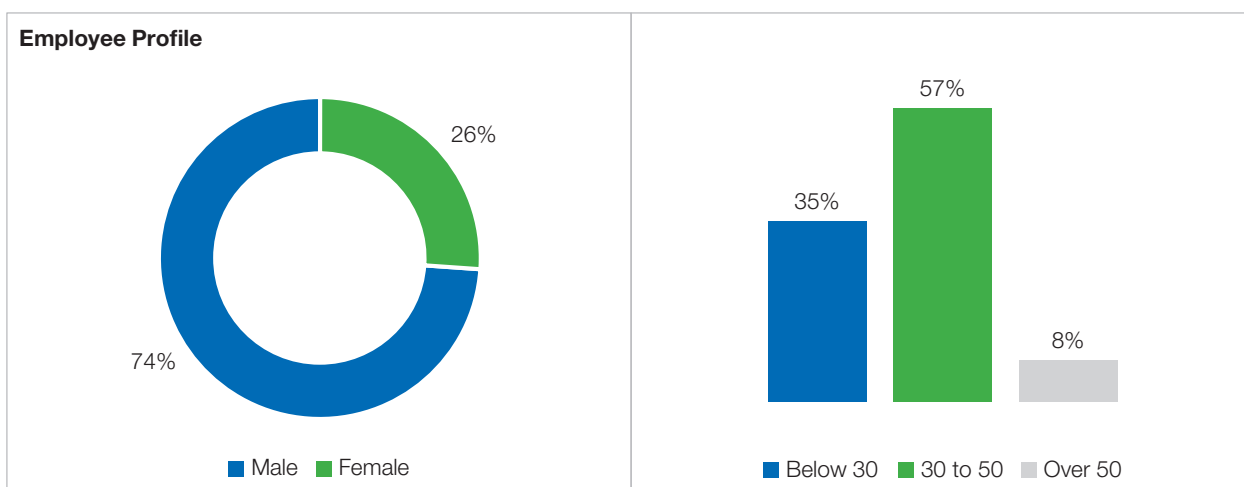


SUSTAINABILITY REPORT

Diversity and Inclusion

At Hengyang, we adopt fair and transparent employment practices for all our employees, regardless of gender, age, race or religion. We recognise the importance of providing a workplace that is diverse, inclusive and free from any form of discrimination.

We have established channels for employees to report grievances or concerns regarding any form of discrimination. Our hiring process, career progression and rewards are strictly based on merit, skills and work competency.



	FY2023	
	Turnover	New hires
Breakdown by gender		
Male	80 (12%)	120 (18%)
Female	60 (25%)	56 (24%)
Breakdown by age group		
< 30 years old	45 (14%)	60 (19%)
30 – 50 years old	60 (12%)	96 (19%)
> 50 years old	35 (47%)	20 (27%)
Total	140 (15%)	176 (19%)

We did not receive any formal complaints of discrimination cases in FY2023.

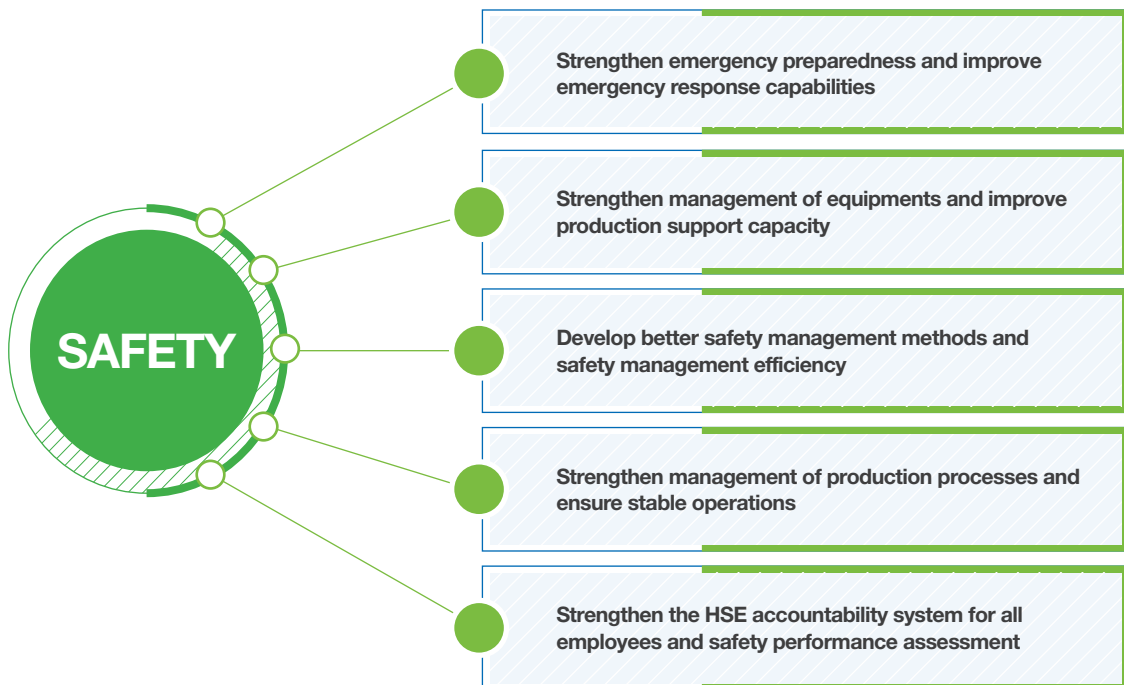
	FY2023	FY2024
	Target	Progress / Target
Our People	<ul style="list-style-type: none"> Organise staff training and career development courses and programmes. Maintain zero complaints on discrimination. 	<ul style="list-style-type: none"> Organised 1,469 training and career development courses. Maintained zero complaints on discrimination. Organise staff training and career development courses and programmes. Maintain zero complaints on discrimination. Maintain employee turnover rate of below 20%.

SUSTAINABILITY REPORT

Health and Safety

At Hengyang, the safety and well-being of our employees is of utmost importance to us. We are committed to ensuring the highest standards of safety through our established Occupational Health and Safety (“OHS”) management systems in our facilities which have been accredited by the CQC and IQNET for complying with ISO 45001:2018 and GB/T 45001-2020 standards. Our OHS team is also responsible for ensuring compliance with all applicable local workplace health and safety regulations.

On a quarterly basis, we hold the Safety Operation Reporting and Meeting to review and update the progress of our workplans as well as set safety goals and plans for the following quarter or year. We ensure that our health, safety, and environmental (“HSE”) workplans and efforts cover the following areas:



Our HSE accountability system ensures that all levels of management and employees have clear delineation of their roles and responsibilities in relation to the implementation of health, safety and environment-related policies and measures. Employees at all levels are required to sign the HSE responsibility agreement on an annual basis. Key components of the HSE accountability system include leadership accountability, departmental responsibilities, employee obligations, monitoring and HSE performance evaluation mechanisms.

In addition, we have developed a dual prevention mechanism to manage our safety risks – first, a hierarchical approach in the management and control of safety risks and second, the identification and investigation of hidden hazards to assess these risks effectively. We have also improved our emergency preparedness capabilities in the event of a major incident. External HSE experts were invited to conduct safety status assessment data collection and guide the development of a dual-control system.

The Group continues to enhance our production process control to improve operational safety. We established an operational central control scheduling system in which the dispatcher is stationed in the central control room and acts as an on-site commander. In the event of a work-related incident, an investigation will be conducted to find out the root cause and necessary corrective actions duly will be implemented.

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We have put in place an online learning platform that enables all employees to learn about safety-related knowledge. Regular assessments are conducted to encourage more employees to participate in the learning programme. New hires are required to attend a minimum of 72 hours of training on our safety policy, OHS standard operating procedures as well as health and hygiene standards in the workplace. The training covers areas such as an overview of the applicable laws and regulations governing OHS, response to and management of emergency accidents, as well as fire prevention and the fundamentals of first aid. OHS certification trainings are also provided to existing staff (e.g. maintenance engineers and installation engineers) on a case-by-case basis. We also offer mandatory health screening for all our employees to ensure that they are in good health.

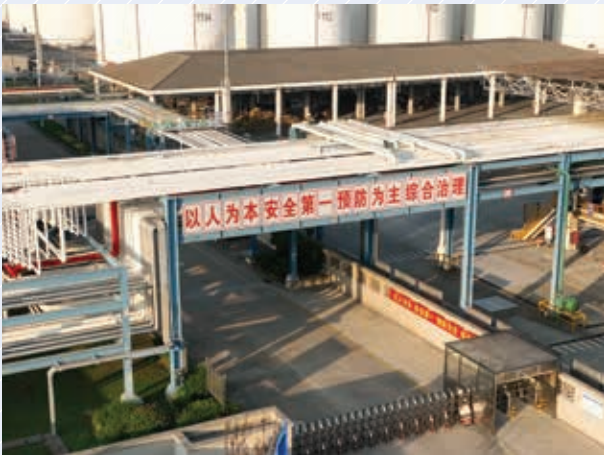
	FY2023
	Deqiao Facilities
Number of fatalities	0
Number of high-consequence work-related injuries (excluding fatalities)	0
Number of recordable work-related injuries	0
Number of cases of recordable work-related ill health	0

In FY2023, we recorded zero work-related injury case. Our OHS team will continue to ensure that workplace hazards and incidents are effectively managed and monitored to prevent recurrences in the future. We have also set the following target for FY2024 which is in line with our internal safety target of “no accident, no injury and no pollution”.

	FY2023	FY2024
	Target	Progress
Health and Safety	<ul style="list-style-type: none"> Name every April and June of the year as the Safety Month of the Group, and holding the relevant events in the Group, rolling out safety culture campaigns to advocate and educate employees and contractors on safety best practices. 	<ul style="list-style-type: none"> April and June have been set to be Safety Months of the Group, with an addition of November as the Fire Prevention Month. Several safety culture campaigns have been rolled out to educate employees and contractors on safety best practices.
		<ul style="list-style-type: none"> Continue to name every April and June as the Safety Months, November as Fire Prevention Month, and holding relevant events in the Group, rolling out safety culture campaigns to advocate and educate employees and contractors on safety best practices. Ensure 100% of new employees undergo medical screening.



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Our Community

Hengyang is committed to driving positive and sustainable changes in communities that we operate in. We endeavour to give back to our communities through the Group’s corporate social responsibility (“CSR”) initiatives, with a focus on education and social welfare.

We have been an active supporter of quality education for children. In particular, we have partnered with Jiangyin Charity and Jingjiang Charity, two non-profit organisations, to support students from low-income families to have access to quality education. During the year, we made donations of RMB100,000 to the Jiangyin Charity and Jingjiang Charity, and RMB1,000,000 to the local education foundation.

FY2024	
Target	
Our Community	<ul style="list-style-type: none"> Contribute to the local communities by supporting low-income community groups, charity organisations and participate in other community initiatives.

TCFD Recommendations

Hengyang recognises the critical threat that climate change poses to businesses and our planet. As we witness the growing impacts of extreme weather events, flooding, rising temperatures and sea levels, climate action to mitigate and minimise our environmental footprint has become an urgent need. As such, we are working towards reducing carbon footprint in our operations and gradually building resilience against the climate-related risks faced by the Group.

This year’s climate disclosures build on the TCFD information previously disclosed in our sustainability report. We present a discussion of our approach of all 11 disclosure recommendations of the TCFD framework under the four climate-related elements: governance, strategy, risk management, metrics and targets.

In subsequent assessments and updates in our climate-reporting journey, we will progressively build on these 11 recommendations disclosed and provide a more detailed analysis on the climate-related risks and opportunities faced by the Group. This includes actively engaging our stakeholders and conducting a climate risk workshop to assess the impact of climate change on our business.

TCFD Pillar	Recommended disclosure	Our approach
Governance	<p>Describe the board’s oversight of climate-related risks and opportunities</p> <p>Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>The Board has oversight of the Group’s material EESG issues and assumes leadership in the overall management of sustainability matters. The Board also formulates sustainability strategies and guidelines, which cover management’s identification of potential climate-risks and opportunities and selection of material topics including climate-related metrics and targets.</p> <p>Management which comprises our senior management and general managers, is primarily responsible for supporting the Board on identifying the climate-related risks and opportunities facing the Group. Management is also tasked to make critical decisions pertaining to sustainability that might present risks or opportunities to the Group’s operations. Moving forward, we will continue to work with external consultants to assess and manage our climate-related risks and opportunities.</p>

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TCFD Pillar	Recommended disclosure	Our approach
Strategy	<p>Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term</p> <p>Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning</p> <p>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario</p>	<p>For physical risks including acute risks such as extreme weather events (flooding, cyclones) and chronic risks such as rising sea levels, temperature and precipitation changes would adversely affect our facilities. This could lead to loss of asset value, higher maintenance costs as well as in insurance costs for these locations. This presents opportunities, such as the increased need for renewable energy sources like hydrogen, storage solutions, and new technologies. In terms of transition risks, the changes in policy and regulation could lead to higher compliance costs and it may also impact our licence to operate. Changes in customer preference to a low-carbon logistics and storage provider could lead to a decline in demand for our services. That said, this also presents the opportunity for us to invest in more electric vehicles in our fleet.</p> <p>We will continue to assess how best to manage and mitigate these risks and how these measures would guide our overall strategy and decision-making. We will report on progress towards these areas in future disclosures.</p>
Risk management	<p>Describe the organization's processes for identifying and assessing climate-related risk</p> <p>Describe the organization's processes for managing climate-related risks</p> <p>Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>The Group's climate-related risks are managed by conducting regular risk assessments of our key assets, insuring our assets, monitoring climate-related performance indicators and keeping abreast with the latest environmental regulations. Any case of non-compliance will be reported to management. We have a long-term plan to adopt sustainable materials in the construction of our equipment and buildings. We also review our construction standards to ensure that we adhere to the latest building codes.</p> <p>We seek to improve our management of climate risks by conducting a climate risk workshop in the next reporting year to better understand the impacts on Hengyang's overall operations, manufacturing sites, our value chain, our strategy and financial planning. We are also looking to integrate these risks and associated control measures in our enterprise risk management framework. Through this process, we expect to develop greater resilience in our business against the adverse effects of climate change.</p>
Metrics and Targets	<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p> <p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>The Group tracks, measures and reports on our energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Our sources of emissions include diesel used by our fleet of transportation vehicles (Scope 1 emissions) and purchased electricity used in our properties (Scope 2 emissions). We disclose our Scope 1 and Scope 2 GHG emissions and monitor them closely to explore ways to reduce our carbon footprint. For detailed performance, please refer to Energy and Emissions section. We will disclose Scope 3 GHG emissions and set GHG emissions targets in the future when we have achieved a higher level of maturity in our climate reporting journey.</p> <p>Moving forward, we will continue to enhance our TCFD disclosures by improving our emissions data collection infrastructure and explore measurable and appropriate targets according to our strategic priorities.</p>

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GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or Remark(s)	
GRI 2: General Disclosures 2021	2-1	Organisational details	Annual Report 2023
	2-2	Entities included in the organisation's sustainability reporting	Page 17
	2-3	Reporting period, frequency and contact point	Page 17
	2-4	Restatements of information	There has been no restatement of figures or information.
	2-5	External assurance	All data and information presented in this report have not been externally assured at present. We will continue to enhance our sustainability disclosures and seek external assurance when a more advanced level of reporting maturity has been achieved.
	2-6	Activities, value chain and other business relationships	Annual Report 2023
	2-7	Employees	Pages 26-28
	2-8	Workers who are not employees	The data coverage of this report includes all employees across the Group.
	2-9	Governance structure and composition	Annual Report 2023
	2-10	Nomination and selection of the highest governance body	
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	Page 19
	2-15	Conflicts of interest	Annual Report 2023
	2-16	Communication of critical concerns	Page 22-23

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page number(s) and/or Remark(s)
	2-17 Collective knowledge of the highest governance body	Annual Report 2023
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	
	2-21 Annual total compensation ratio	
	2-22 Statement on sustainable development strategy	Page 18
	2-23 Policy commitments	Disclosed throughout the Sustainability Report 2023 across all sustainability pillars.
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	
	2-26 Mechanisms for seeking advice and raising concerns	Pages 22-23
	2-27 Compliance with laws and regulations	Pages 22-23, Pages 25-26
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	Page 20
	2-30 Collective bargaining agreements	None
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 21
	3-2 List of material topics	
	3-3 Management of material topics	
GRI 201: Economic Performance 2016	3-3 Management of material topics	Page 22
	201-1 Direct economic value generated and distributed	Page 22
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Page 23
	205-1 Operations assessed for risks related to corruption	Page 23
	205-2 Communication and training about anti-corruption policies and procedures	Page 23
	205-3 Confirmed incidents of corruption and actions taken	Page 23
GRI 302: Energy 2016	3-3 Management of material topics	Page 24
	302-1 Energy consumption within the organisation	Page 24
	302-3 Energy intensity	Page 24
	302-4 Reduction of energy consumption	Page 24

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page number(s) and/or Remark(s)
GRI 303: Water and Effluents 2018	303-5 Water consumption	Non-material topic, our water consumption totalled 90,552.0 tonnes.
GRI 305: Emissions 2016	3-3 Management of material topics	Pages 24-25
	305-2 Energy indirect (Scope 2) GHG emissions	Pages 24-25
	305-4 GHG emissions intensity	Pages 24-25
	305-5 Reduction of GHG emissions	Pages 24-25
GRI 306: Waste 2020	306-3 Waste generated	Non-material topic, our hazardous waste generated amounted to 201.6 tonnes.
GRI 401: Employment 2016	3-3 Management of material topics	Pages 26-27
	401-1 New employee hires and employee turnover	Pages 26-27
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 26-27
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Pages 29-30
	403-1 Occupational health and safety management system	Pages 29-30
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-9 Work-related injuries	Page 30
	403-10 Work-related ill health	Page 30

SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page number(s) and/or Remark(s)
GRI 404: Training and Education 2016	3-3	Management of material topics Page 27
	404-1	Average hours of training per year per employee Page 27
	404-2	Programmes for upgrading employee skills and transition assistance programmes Page 27
	404-3	Percentage of employees receiving regular performance and career development reviews Page 26
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics Page 28
	405-1	Diversity of governance bodies and employees Page 28
GRI 413: Local Communities 2016	3-3	Management of material topics Page 32
	413-1	Operations with local community engagement, impact assessments, and development programmes Page 32

CORPORATE GOVERNANCE

Hengyang Petrochemical Logistics Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables us to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect our shareholders’ interests. This also helps the Company create long-term value and returns for our shareholders.

Corporate Governance Report (the “**Report**”)

The Company was admitted to the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 9 October 2009. This Report has been prepared with reference to the principles and provisions set out in the Code of Corporate Governance 2018 (“**2018 Code**”) issued by the Monetary Authority of Singapore on 6 August 2018 (last amended on 11 January 2023).

The Company also refers to the practice guidance (“**Practice Guidance**”) dated 14 December 2023 of the Monetary Authority of Singapore and has incorporated, where available, the practices encouraged by the Monetary Authority of Singapore in this Report.

The Company is committed to adhering to the 2018 Code, and ensures that it is upheld throughout the Group. For the financial year ended 31 December 2023 (“**FY2023**”), the Group has largely complied in all material respects with the principles and provisions laid down in the 2018 Code. The following are the deviations from the 2018 Code and appropriate explanation has been provided for such variations in the respective sections of this Report including how the existing practices adopted are consistent with the intent, aim and philosophy of the relevant principles of the 2018 Code:

- Provision 4.5 relating to the maximum number of such directorships and principal commitments for each Director;
- Provision 8.1(a) relating to the exact directors’ fees of the Directors;
- Provision 11.6 relating to the establishment of a dividend policy;
- Provision 12.2 relating to the establishment of an investor relations policy; and
- Provision 13.3 relating to a corporate website.

For ease of reference, the specific principles in the 2018 Code are identified and discussed in this Report. In addition, the last section of this Report sets out the summary of disclosures of the Company’s corporate governance practices with specific reference to the requirements in both the principles and provisions of the 2018 Code. Shareholders are advised to read this Report in its entirety.

1. BOARD MATTERS – THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

At the helm of the decision-making process of the Company is our board of directors (the “**Board**” or the “**Directors**”). During FY2023, the Board comprises the following members, all possessing the appropriate core competencies and diversity of experience, which enable them to effectively contribute to the Group.

CORPORATE GOVERNANCE

Name	Position	Date of Initial Appointment	Date of Last Re-election or Re-appointment
Anthony Ng Koon Leng ⁽¹⁾	Non-Executive Independent Chairman of the Board	19 November 2008	30 April 2021
Loy Boon Huat ⁽²⁾	Non-Executive Independent Chairman of the Board	19 December 2023	–
Gu Wen Long	CEO and Executive Director	23 April 2008	26 April 2023
Tee Tuan Sem	Vice-Chairman of the Board and Executive Director	15 August 2008	28 April 2022
Diong Tai Pew ⁽³⁾	Lead Independent Director	19 November 2008	28 April 2022
Khaw Shee Kai ⁽⁴⁾	Lead Independent Director	19 December 2023	–
Xie Yu	Non-Executive Director	19 November 2008	26 April 2023

Notes:

- (1) Mr Anthony Ng Koon Leng (“**Mr Ng**”) resigned as Non-Executive Independent Chairman of the Board, member of the Audit Committee and Chairman of the Remuneration and Nominating Committees with effect from 31 December 2023.
- (2) Mr Loy Boon Huat (“**Mr Loy**”) was appointed as an Independent Director and a member of the Audit, Remuneration and Nominating Committees with effect from 19 December 2023. Mr Loy was re-designated as Non-Executive Independent Chairman of the Board and Chairman of the Remuneration and Nominating Committees with effect from 9 January 2024.
- (3) Mr Diong Tai Pew (“**Mr Diong**”) resigned as Lead Independent Director, Chairman of the Audit Committee, and a member of the Remuneration and Nominating Committees with effect from 31 December 2023.
- (4) Mr Khaw Shee Kai (“**Mr Khaw**”) was appointed as an Independent Director and a member of the Audit, Remuneration and Nominating Committees with effect from 19 December 2023. Mr Khaw was re-designated as Lead Independent Director and Chairman of the Audit Committee with effect from 9 January 2024.

All Directors are required to discharge their duties and responsibilities objectively at all times as fiduciaries in the best interests of the Company.

Besides carrying out its statutory responsibilities, the principal functions of the Board are, as follows:

- to provide entrepreneurial leadership, and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;
- to ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- to establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and the Company’s performance;
- to constructively challenge the management of the Group (the “**Management**”) and review its performance;
- to instil an ethical corporate culture and ensure that the Company’s values, standards policies and practices are consistent with the culture; and
- to ensure transparency and accountability to key stakeholder groups.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, release of the Group’s quarterly, half year and full year results and interested person transactions of a material nature. Matters requiring board approval have been clearly communicated to the Management in writing and are provided further in this Report.

CORPORATE GOVERNANCE

The Board has clear policies and procedures for dealing with conflicts of interest. All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent at a meeting of the Directors or by sending a written notice to the Company. In any situation that involves a conflict of interest with the Company, Directors must recuse themselves from participating in any discussion and decision on the matter.

To assist in the execution of the Board's responsibilities, our Board has established three Board Committees comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees are chaired by Independent Directors and function within clearly defined written terms of reference and operating procedures, which will be reviewed on a regular basis to ensure their continued relevance and efficacy. Information on the AC, NC and RC (collectively, the "**Board Committees**") and their respective terms of reference can be found in the subsequent sections of this Report.

Non-Executive Directors are routinely briefed by the Executive Directors or the Management at Board meetings or at separate sessions, and are provided with all necessary updates on regulatory and policy changes as well as developments affecting the Company and the Group. All Non-Executive Directors may request for additional information from the Executive Directors, the Management and/or the Joint Company Secretaries to familiarise themselves with the Group's business and have access to the Executive Directors, the Management and Joint Company Secretaries.

A formal letter of appointment is sent to all newly appointed Directors of the Company upon their appointment, setting out the duties and obligations as a Director, including, where appropriate, how to deal with conflicts of interest. The new Director will also be briefed by the other Directors and the Management on the Group's strategic direction, corporate governance practices, business and organisation structure, and industry-specific knowledge. The new Director will also be introduced to the senior management to facilitate independent communication channels between the new Director and the senior management. In accordance with Rule 406(3)(a) of Section B: Rules of Catalist of the SGX-ST Listing Manual (the "**Catalist Rules**"), first-time Directors who have no prior experience as a director of a listed company are required to attend the training in the roles and responsibilities of a director of a listing company as prescribed by the SGX-ST in Practice Note 4D of the Catalist Rules ("**Mandatory Training**").

As announced via the SGXNet by the Company on 19 December 2023, Messrs Loy Boon Huat and Khaw Shee Kai had been appointed as Independent Directors of the Company with effect from 19 December 2023. As both Mr Loy and Mr Khaw do not have any prior experience as a director of a listed company, they will attend the Mandatory Training on or before 18 December 2024.

To obtain a better understanding of the Group's business, the Company will organise onsite board meetings so that the Directors will have the opportunity to visit the Group's operational sites in China, in particular when new facilities are put into operations. No onsite board meetings in China were carried out in FY2023 as COVID-19 travel restrictions in China were still in place for the majority of FY2023.

To ensure that Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to attend, at the Company's expense, external conferences, seminars and other training programmes in connection with their duties to keep abreast of changes in the industry during their term of appointment. In FY2023, the following director attended the following training:

Name of Directors	Training attended in FY2023
Mr Gu Wen Long	Environmental, Social and Governance Essentials by Singapore Institute of Directors

CORPORATE GOVERNANCE

The Board meets at least four (4) times a year. Ad hoc meetings will be convened as and when warranted by particular circumstances between the scheduled meetings. The Constitution of the Company provides for meetings of the Board to be held by way of teleconference or video conference or by means of similar communication equipment. During FY2023, with the easing of COVID-19 restrictions in Singapore, the Board and Board Committees resumed most of their meetings in person. Directors who could not attend these meetings in person had participated via video-conferencing. The attendance of the Directors at meetings of the Board and the Board Committees in FY2023 (i.e. from 1 January 2023 to 31 December 2023) is set out in the table below:

	Board	Board Committees		
		Audit	Nominating	Remuneration
Number of meetings held	4	4	1	1
	Number of meetings attended			
Gu Wen Long	4	4*	–	–
Tee Tuan Sem	4	4*	–	–
Xie Yu	4	4	1	1
Diong Tai Pew ⁽¹⁾	4	4	1	1
Anthony Ng Koon Leng ⁽²⁾	4	4	1	1

* Attended the meeting as an invitee.

Notes:

- (1) Mr Diong resigned as Lead Independent Director, Chairman of the Audit Committee, and a member of the Remuneration and Nominating Committees with effect from 31 December 2023.
- (2) Mr Ng resigned as Non-Executive Independent Chairman of the Board, member of the Audit Committee and Chairman of the Remuneration and Nominating Committees with effect from 31 December 2023.

For the multiple board representation of the Company, please refer to Principle 4 set out below.

To enable the Board to fulfil its responsibilities, the Management strives to provide Board members with complete and adequate information for Board meetings on a timely and on-going basis. For example, management accounts of the Group's performance, position, and prospects are provided to the Executive Directors on a monthly basis and to all members of the Board on a quarterly basis. Directors are further entitled to request for additional information from the Management and should be provided with such additional information as needed to make informed decisions. The Board has unrestricted access to the Company's records and information.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and necessary information, including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the Directors in advance of Board meetings, followed by the Board papers and related materials, in order for the Directors to be adequately prepared for the meetings.

The Board (whether individually or as a whole) has separate and independent access to the Management and the Joint Company Secretaries at all times, and may seek independent professional advice as considered necessary in the furtherance of their duties, and the cost of such professional advice is borne by the Company. The Joint Company Secretaries generally attend all Board meetings and ensure that all Board procedures are followed. Where the Joint Company Secretaries are unable to attend any Board meeting, a suitable replacement is arranged in attendance and that proper minutes of the same are taken and kept. The Joint Company Secretaries also ensure that the Company complies with the requirements of the Companies Act 1967 of Singapore (the "**Companies Act**") and Catalist Rules. Under the direction of the Chairman as well as the CEO, the Joint Company Secretaries' responsibilities include ensuring good information flow within the Board and its committees, and between the Non-Executive Directors, Executive Directors and Management, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

The appointment and removal of the Joint Company Secretaries are subject to the Board's approval.

CORPORATE GOVERNANCE

2. BOARD MATTERS – BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The 2018 Code defines an “**independent**” director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the director’s independent business judgement in the best interests of the company.

The Nominating Committee (“**NC**”) is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent, bearing in mind the provisions set forth under Provision 2.1 of the 2018 Code and any other salient factor which would render a director to be deemed not independent. The NC has reviewed, determined and confirmed the independence of the Independent Directors. Please refer to Principle 4 set out below for more information on the NC’s determination of the independence of the Independent Directors.

Prior to 11 January 2023, the 2018 Code stated that a director who falls under the following situations is not independent: (i) a director being employed by the company or any of its related corporations for the current or any of the past three (3) financial years; (ii) a director who has an immediate family member who is, or has been in any of the past three (3) financial years, employed by the company or any of its related corporations and whose remuneration is determined by the RC; (iii) a director who has been a director for an aggregate period of more than nine (9) years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers (the “**Two-Tier Voting Mechanism**”). The Two-Tier Voting Mechanism was in place to allow companies to retain long-serving Independent Directors (“**IDs**”) who have served more than nine (9) years.

Effective immediately on 11 January 2023, the Two-Tier Voting Mechanism for issuers to retain long-serving IDs has been removed (“**Removal of the Two-Tier Voting Mechanism**”) by the Catalist Rules and the 2018 Code was amended to provide that a director who has been a director of the company for an aggregate period of more than nine (9) years (whether before or after listing) will no longer be considered independent (“**Nine-year Tenure Limit for IDs**”). As transition, IDs whose tenure exceeds the nine-year limit may continue to be considered independent until the issuer’s annual general meeting held for the financial year ending on or after 31 December 2023 (“**FY2023 AGM**”). Such independent directors must either step down or be re-designated as non-independent no later than the FY2023 AGM held by the issuer.

As Messrs Diong Tai Pew and Anthony Ng Koon Leng had each been a Director of the Company for an aggregate period of more than nine (9) years, and as such, would not be considered independent after the conclusion of Company’s FY2023 AGM. Messrs Diong Tai Pew and Anthony Ng Koon Leng had resigned as Independent Directors of the Company with effect from 31 December 2023. In connection with Mr Diong and Mr Ng’s departure, Mr Loy and Mr Khaw were appointed as Independent Directors of the Company with effect from 19 December 2023. Please refer to the Company’s announcements dated 18 December 2023 and 19 December 2023 respectively for more information.

In FY2023, the members of the Board are as follows:

Anthony Ng Koon Leng ⁽¹⁾	<i>Non-Executive Independent Chairman</i>
Loy Boon Huat ⁽²⁾	<i>Non-Executive Independent Chairman</i>
Gu Wen Long	<i>Chief Executive Officer & Executive Director</i>
Tee Tuan Sem	<i>Vice Chairman & Executive Director</i>
Diong Tai Pew ⁽³⁾	<i>Lead Independent Director</i>
Khaw Shee Kai ⁽⁴⁾	<i>Lead Independent Director</i>
Xie Yu	<i>Non-Executive Director</i>

CORPORATE GOVERNANCE

Notes:

- (1) Mr Ng resigned as Non-Executive Independent Chairman of the Board, member of the Audit Committee and Chairman of the Remuneration and Nominating Committees with effect from 31 December 2023.
- (2) Mr Loy was appointed as an Independent Director and a member of the Audit, Remuneration and Nominating Committees with effect from 19 December 2023. Mr Loy was re-designated as Non-Executive Independent Chairman of the Board and Chairman of the Remuneration and Nominating Committees with effect from 9 January 2024.
- (3) Mr Diong resigned as Lead Independent Director, Chairman of the Audit Committee, and a member of the Remuneration and Nominating Committees with effect from 31 December 2023.
- (4) Mr Khaw was appointed as an Independent Director and a member of the Audit, Remuneration and Nominating Committees with effect from 19 December 2023. Mr Khaw was re-designated as Lead Independent Director and Chairman of the Audit Committee with effect from 9 January 2024.

The Board currently comprises five directors, of which two (being Messrs Loy Boon Huat and Khaw Shee Kai) are independent directors, and as such, the composition of the Board complies with the requirement under Rule 406(3) of the Catalist Rules for independent directors to make up one-third of the Board.

The Chairman of the Board, Mr Loy, is an independent director. As such, the requirement under Provision 2.2 of the 2018 Code for independent directors to make up a majority of the Board where the Chairman is not independent would not apply to the Company.

As three out of five directors are Non-Executive Directors (being Messrs Xie Yu, Khaw Shee Kai and Loy Boon Huat), Provision 2.3 of the 2018 Code that requires non-executive directors to make up majority of the Board is complied with.

The Board has examined its size and composition, and is of the view that it is of an appropriate size, and comprises directors, who as a group, provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity so as to avoid groupthink and foster constructive debate. In this regard, the Board also took into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and the Board Committees.

While the Board is of the view that the present combination of skills, talents, experience and diversity of its Directors serves the needs and plans of the Company, as detailed above, the Board acknowledges that improvements to Board diversity are an ongoing process and the Board is fully committed to continue to ensure that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. In line with Provision 2.4 of the 2018 Code and Rule 710A(1) of the Catalist Rules, the Company has adopted a Board Diversity Policy.

Under the Company's Board Diversity Policy, the size and composition of the Board, and the rotation and retirement of Directors and succession planning are reviewed on an annual basis (and as and when necessary) by the NC to ensure that the Board has the appropriate mix of expertise and experience, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. These differences will be considered in determining the optimum composition and size of the Board and when possible, should be balanced appropriately. The Board, as a group, comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience. There is diversity of thought and background in its composition and size to enable it to make decisions in the best interests of the Group. The independence of each Director is also reviewed by the NC annually.

CORPORATE GOVERNANCE

The current Board comprises members with the following core competencies, skills, experiences and knowledge:

Balance and Diversity of the Board		
	Number of Directors	Proportion of Board
Core Competencies		
Accounting or finance	3	60%
Business management	5	100%
Corporate governance	5	100%
Relevant industry knowledge or experience	4	80%
Strategic planning experience	5	100%
Customer based experience or knowledge	5	100%
Gender		
Male	5	100%
Female	0	0%
Age Group		
41 – 50	1	20%
51 – 60	2	40%
61 – 70	1	20%
71 – 80	1	20%

The following table sets out the diversity targets and progress since the Company's adoption of the Board Diversity Policy:

Targets	Plans/Timelines	Progress
(a) To ensure at least one female representation on the Board.	To be achieved by 2027.	<p>Although the Board currently has no female director, the NC and the Board recognise gender as one of the important aspects of diversity and will ensure that female candidates are included for consideration when identifying suitable candidates for the proposed renewal process.</p> <p>The Board and the NC will consider the search for new director(s) through executive search companies, contacts and recommendations for suitable candidate(s) put forward by the Management for the Board renewal process.</p>

CORPORATE GOVERNANCE

Targets	Plans/Timelines	Progress
(b) Age diversity	<p>The Company does not set any specific target for the boardroom age diversity but will work towards having appropriate age diversity in the Board.</p> <p>The Company does not fix age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company. The Board is fully committed to promoting age, diversity, valuing the contribution of its members regardless of age, and seek to eliminate age stereotyping and discrimination on age.</p>	The Board currently has 40% on the Board age above 60s with remaining directors age below 60s.
(c) To ensure appropriate balance between functional skill sets, domain expertise and specific skills and capabilities needed to support the Group's strategy and business.	This is a continual target as part of Board renewal.	The NC has assessed and was satisfied that current members of the Board possess the appropriate balance of skills, experience and knowledge necessary to support the Company's strategy and business, as disclosed in Section 2 of this Report above.

The profiles of our Directors are set out on pages 12 and 13 of this Annual Report.

The Board and Management openly discuss issues of the Company at Board and Board Committee meetings. The Non-Executive Directors and Independent Directors actively participated in such meetings held in FY2023. Minutes of the Board and Board Committee meetings are circulated to the Board so that Directors are kept aware and updated of the matters discussed. The Non-Executive Directors meet regularly without the presence of the Executive Directors and Management, and the chairman of such meetings provides feedback to the Board as appropriate.

3. BOARD MATTERS – CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

For FY2023, the Board is chaired by Mr Anthony Ng Koon Leng (“**Mr Ng**”), the Non-Executive Chairman and Independent Director of the Company (Mr Ng ceased to be the Non-Executive Chairman and Independent Director of the Company with effect from 31 December 2023, being the last day of FY2023) while Mr Gu Wen Long (“**Mr Gu**”) is the CEO and Executive Director of the Company. Accordingly, the Non-Executive Independent Chairman and the CEO are not related. The separation of the roles of Chairperson and CEO is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

CORPORATE GOVERNANCE

Mr Ng, the Non-Executive and Independent Chairman of the Board, is responsible for maintaining the high standards of corporate governance and ensuring the Company's rigorous compliance with the 2018 Code as he leads the Board in providing the strategic direction for the Group's operations through constructive and participative relations with Management and the active contribution of the Directors. As the Chairman of the Board, Mr Ng decides on the Board's meeting agendas for Board Meetings, in consultation with the Management of the Company to ensure that Directors receive accurate, timely and clear information in preparation for each meeting. This facilitates a balance of viewpoints and perspectives in Board discussions on strategic, tactical, business, financial and planning issues. Mr Ng encourages constructive relations between the Board and Management, and facilitates effective communication with the Company's shareholders.

Mr Gu, the CEO and Executive Director of the Company, leads the Management of the Group in its business operations, development, performance and growth, ensuring that objectives are achieved through the effective working relationship and communication between the Board and Management. Mr Gu is also responsible for the daily operations of the Company and the formulation of the overall business strategies and policies for the Group. Mr Gu ensures that information shared with the Board is accurate and shared in a timely manner, so that the Board can discharge its duties and responsibilities effectively.

Accordingly, there is a clear division of responsibilities between the Non-Executive Independent Chairman and the CEO.

The Lead Independent Director of the Company, led and coordinated the activities of the independent directors and addressed the concerns, if any, of the Company's shareholders. The Lead Independent Director may be contact by his email at leadid@hypcl.com if shareholders have concerns that contact through the normal channels of our Chairman, CEO or Chief Financial Officer ("CFO") is inappropriate or inadequate. Led by the Lead Independent Director, the Non-Executive Directors met regularly in FY2023 without the presence of the Executive Directors and Management. After such meetings, the Lead Independent Director will provide feedback to the Chairman and the Board

Mr Diong Tai Pew ("Mr Diong") had been the Lead Independent Director till his cessation as an Independent Director with effect from 31 December 2023. Mr Khaw was appointed as the Independent Director of the Company with effect from 19 December 2023 and was subsequently re-designated as the Lead Independent Director in place of Mr Diong with effect from 9 January 2024.

4. BOARD MATTERS – BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC is guided by written terms of reference clearly setting out its authority and duties. The NC is responsible for making recommendations on all board appointments and re-nominations having regard to the contribution and performance of the Director seeking re-election.

As at the date of this Report, the NC comprises Mr Loy Boon Huat ("Mr Loy")⁽¹⁾, as the Chairman of the NC, and Messrs Xie Yu and Khaw Shee Kai⁽²⁾, as the members of the NC, all of whom are Non-Executive Directors and a majority of whom are independent. The Lead Independent Director, Mr Khaw, is a member of the NC.

Notes:

- (1) Mr Loy was re-designated as the Chairman of the NC with effect from 9 January 2024 in place of Mr Anthony Ng Koon Leng who had ceased to be the Chairman of the NC on 31 December 2023.
- (2) Mr Khaw was appointed as the Independent Director of the Company and a member of the NC on 19 December 2023. Mr Khaw was re-designated as the Lead Independent Director with effect from 9 January 2024 in place of Mr Diong who has ceased to be the Lead Independent Director on 31 December 2023.

CORPORATE GOVERNANCE

Briefly, our NC is responsible for:

- 1) reviewing and recommending the nomination or re-nomination of our Directors, including making recommendations on the size, composition and progressive renewal of the Board, having regard to the Director's competencies, commitment, contribution and performance;
- 2) determining on an annual basis whether or not a Director is independent;
- 3) assessing the performance of the Board and contribution of each Director to the effectiveness of the Board;
- 4) determining whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representation and/or principal commitments;
- 5) deciding the process and criteria for how the performance of the Board, the Board's committees and the Directors may be evaluated and proposing objective performance criteria;
- 6) reviewing the appropriate size of the Board;
- 7) reviewing the training and professional development programmes for the Board and the Directors on an annual basis;
- 8) reviewing board succession plans for all Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; and
- 9) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The NC conducts reviews of Directors' independence annually and as and when circumstances require. For FY2023, in assessing the independence of each Independent Director, the NC noted that both the Independent Directors, namely Messrs Diong Tai Pew and Anthony Ng Koon Leng, have served on the Board for more than nine (9) years.

As set out in Section 2 of this Report, on 11 January 2023, the 2018 Code was amended to provide that a director who has been a director of the company for an aggregate period of more than nine (9) years (whether before or after listing) will no longer be considered independent ("**Nine-year Tenure Limit**"). The imposition of Nine-year Tenure Limit will take effect at an issuer's general meeting for the financial year ending on or after 31 December 2023. In view of the Nine-year Tenure Limit and to facilitate board renewal, Messrs Diong Tai Pew and Anthony Ng Koon Leng had resigned as Independent Directors of the Company with effect from 31 December 2023. Messrs Khaw Shee Kai and Loy Boon Huat were appointed as new Independent Directors of the Company with effect from 19 December 2023. Please refer to the Company's announcements dated 18 December 2023 and 19 December 2023 respectively for more information.

Having regard to Provision 2.1 and Practice Guidance 2 of the 2018 Code, the NC recommends, with the concurrence of the Board, that the key considerations in determining a director's independence are his ability to exercise independent and objective judgement in the discharge of his responsibilities as a director of the Company, and to act honestly and in the best interests of the Group. When assessing objectivity and independent judgment, the NC and the Board consider, *inter alia*, the approach and attitude of each non-executive Independent Director, including whether such director:

- (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the director's independent business judgment in the best interests of the Group; and
- (ii) has any material contractual or de facto relationship/arrangement with the Group other than as a director.

To facilitate the NC in its review of the independent status of the Directors, each Director completes a checklist to confirm his independence. The checklist is based on the principles of corporate governance and provisions of the 2018 Code. The checklist will also indicate whether a Director considers himself as an independent Director despite not having any of the relationships identified in the 2018 Code. The NC also reviews the checklist completed by each Director to determine whether a Director is independent.

CORPORATE GOVERNANCE

For the purpose of Provision 4.4 of the 2018 Code and as at the date of this Annual Report, each of Messrs Khaw Shee Kai and Loy Boon Huat has confirmed that they do not have any relationship as set forth in Provision 2.1 and Practice Guidance 2 of the 2018 Code. After careful and rigorous assessment, including taking into consideration factors set out in the Nominating Committee Guide published on the website of the Singapore Institute of Directors, the NC and the Board are of the view that Messrs Khaw Shee Kai and Loy Boon Huat are independent, and have demonstrated strong independence in professionalism and judgement in the discharge of each of their responsibilities as a Director of the Company. They had expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management where necessary. Messrs Khaw Shee Kai and Loy Boon Huat have also abstained from deliberating on their own independence. Further, the NC considers that Messrs Khaw Shee Kai and Loy Boon Huat bring invaluable expertise, experience and knowledge to the Board, given their long track record of working in financial audit, and business development and management respectively. The NC trusts that Messrs Khaw Shee Kai and Loy Boon Huat who are familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees.

The NC (including the Chairman of the Board who is also the Chairman of the NC) has reviewed the training and professional development needs of the Directors in FY2023 and has encouraged Directors to attend relevant training courses that could enhance the knowledge of Directors in the performance of their duties as Directors of the Company. The NC will also review the training needs of new Directors when new Directors are appointed to the Board. Information relating to the training attended by the Directors in FY2023 is set out in Principle 1 of this Report.

The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors to the business so as to mitigate against groupthink and to ensure that the Company has the opportunity to benefit from all available talents. In reviewing Board size and composition and succession planning, the NC considers all aspects of diversity, including diversity of backgrounds, gender, experience, age and competencies of our Directors, whose competencies range from finance and accounting to the relevant industry knowledge, entrepreneurial and management experience.

The NC also review succession plans for CEO and key management personnel prepared by the human resource department to ensure that the plans are in line with the strategic priorities and the long-term goals of the Group. Performance evaluations of employees are undertaken annually to identify and provide feedback to such employees to further enhance their skills and competencies as potential key management personnel candidates of the Group.

The Company has in place procedures for the appointment of new Directors, which includes the criteria used to identify and evaluate potential directors and the channels used in searching for appropriate candidates. In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. The matrix of attributes includes relevant experience, skillsets, technological expertise as well as diversity in competencies, age, gender and geography. After endorsement by the Board of the key attributes, the NC taps on the resources of directors' contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, recommendations from the Singapore Institute of Directors may also be considered and executive recruitment agencies may be appointed to assist in the search process. The two new Directors of the Company (namely, Messrs Loy Boon Huat and Khaw Shee Kai) were referred to the NC by business associates of the Directors.

In addition, the Board reviews its size and composition each year taking into account, *inter alia*, the Board Diversity Policy including the scope and nature of the Group's business and operations and the benefits of all aspects of diversity, including but not limited to gender, age, educational background, and professional experience in order to provide the Board access to an appropriate range and balance of skills, knowledge, experience and backgrounds. This is beneficial to the Company and Management as decisions by, and discussions with, the Board are enriched by the broad range of views and perspective and the breadth of experience of our Directors, allowing in-depth knowledge for effective exchange of ideas and perspectives. Please also refer to Section 2 of this Report for further details of our Board Diversity Policy.

CORPORATE GOVERNANCE

The NC, in considering the re-appointment of a Director, will evaluate such Director's contribution and performance, such as his attendance at meetings of the Board and/or Board Committees, participation, candour and any special contribution. The NC will also have regard to such Director's performance and contribution to the Group and whether such Director has adequately carried out his duties as a Director.

Rule 720(4) of the Catalist Rules requires all Directors to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. Pursuant to the Constitution (Regulation 91 and Regulation 97) of the Company, each Director is required to retire at least once every three (3) years by rotation and all newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election.

Pursuant to Regulation 91 of the Constitution, the NC has deliberated and has decided to recommend to the Board the nomination of Messrs Tee Tuan Sem and Mr Xie Yu who will be retiring as Directors at the forthcoming AGM, for re-election. The Board has accepted the NC's recommendations. In addition, pursuant to Regulation 97 of the Constitution, as Messrs Loy Boon Huat and Khaw Shee Kai are both newly appointed Directors who are appointed by the Board, they are required to step down and stand for re-election at the forthcoming AGM. For the avoidance of doubt, Messrs Loy and Khaw shall not be taken into account in determining the number of Directors who are to retire by rotation at the forthcoming AGM pursuant to Regulation 91 of the Constitution.

Please refer to the "**Additional information on Directors seeking re-election and continued appointment**" section in this Report for disclosures pursuant to Rule 720(5) of the Catalist Rules.

Some Directors have multiple board representations and other principal commitments (including all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships (other than non-active related corporations) and involvement in non-profit organisations). The NC, after reviewing the annual performance of all Directors as well as their attendance at meetings of the Board and/or Board Committees, is satisfied that the Directors who have multiple board representations and other principal commitments have devoted adequate time and attention to fulfil their duties as Directors of the Company. The NC and the Board are of the view that setting a maximum number of directorships and principal commitments for each Director is not meaningful as the contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities. The NC and the Board will review the requirement to determine the maximum number of directorships and principal commitments for each Director as and when they deem fit. The Board concurs with the approach of the NC.

There are no alternate directors appointed to the Board.

CORPORATE GOVERNANCE

The directorships and chairmanships held by the Directors in other listed companies, as well as other major appointments, both present (as at 31 December 2023) and held over the preceding three years (from 31 December 2019 to 31 December 2022), are as follows:

Name	Directorships	Major Appointments (other than Directorships)
Anthony Ng Koon Leng⁽¹⁾	<u>Present</u> Nil	<u>Present</u> Nil
	<u>In the Past 3 years</u> Nil	<u>In the Past 3 years</u> CAC Logistics Services Pte. Ltd. (Managing Director)
Loy Boon Huat⁽²⁾	<u>Present</u> Waminc Services Pte. Ltd.	<u>Present</u> Dovechem Industries Pte. Ltd. (General Manager)
	<u>In the Past 3 years</u> Nil	<u>In the Past 3 years</u> Nil
Gu Wen Long	<u>Present</u> Nil	<u>Present</u> Jiangyin Foreversun Chemical Logistics Co., Ltd. (Chairman of the Board)
	<u>In the Past 3 years</u> Nil	<u>In the Past 3 years</u> Nil
Tee Tuan Sem	<u>Present</u> ILB Group Berhad (formerly known as Integrated Logistics Berhad) (Non-Independent Non-Executive Director)	<u>Present</u> ILB Group Berhad (formerly known as Integrated Logistics Berhad) (Non-Independent Non-Executive Director)
	<u>In the Past 3 years</u> Nil	<u>In the Past 3 years</u> Nil
Diong Tai Pew⁽³⁾	<u>Present</u> Nil	<u>Present</u> CA Diong (Practicing Chartered Accountant)
	<u>In the Past 3 years</u> SIG Gases Berhad VS International Group Ltd. V. S. Industry Berhad	<u>In the Past 3 years</u> Nil
Khaw Shee Kai⁽⁴⁾	<u>Present</u> Milkyway International Tank Transportation Shared Serviced Sdn Bhd YQ Holdings Sdn Bhd Chemist Mart Pte. Ltd.	<u>Present</u> Nil
	<u>In the Past 3 years</u> Nil	<u>In the Past 3 years</u> Nil

CORPORATE GOVERNANCE

Name	Directorships	Major Appointments (other than Directorships)
Xie Yu	Present Jiangsu Fuyou Technology Co., Ltd Nanjing Haofu New Material Co., Ltd Nanjing Hongdao New Energy Technology Co., Ltd Jadestone Development Ltd.	Present Nil
	In the Past 3 years Nil	In the Past 3 years Zhejiang(s) Entrepreneurs Association (Honorary Vice-Chairman)

Notes:

- (1) Mr Ng resigned as Non-Executive Independent Chairman of the Board, member of the Audit Committee and Chairman of the Remuneration and Nominating Committees with effect from 31 December 2023.
- (2) Mr Loy was appointed as an Independent Director and a member of the Audit, Remuneration and Nominating Committees with effect from 19 December 2023. Mr Loy was re-designated as Non-Executive Independent Chairman of the Board and Chairman of the Remuneration and Nominating Committees with effect from 9 January 2024.
- (3) Mr Diong resigned as Lead Independent Director, Chairman of the Audit Committee, and a member of the Remuneration and Nominating Committees with effect from 31 December 2023.
- (4) Mr Khaw was appointed as an Independent Director and a member of the Audit, Remuneration and Nominating Committees with effect from 19 December 2023. Mr Khaw was re-designated as Lead Independent Director and Chairman of the Audit Committee with effect from 9 January 2024.

5. BOARD MATTERS – BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The effectiveness of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board are assessed annually. The purpose of the evaluation is to increase the overall effectiveness of the Board.

Board performance is linked to the overall performance of the Group. The Board complies with the applicable laws and members of our Board are required to act in good faith, with due diligence and care in the best interests of the Company and its shareholders.

Our NC is responsible for recommending a framework for the evaluation of the Board’s, each Board Committee’s, and each individual Director’s performance for the approval of the Board. Each member of our NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination.

The NC reviews the criteria for evaluating the Board’s performance. The performance criteria for the Board evaluation include an evaluation of the size and composition of the Board, the Board’s access to information, accountability, the Board’s processes, the Board’s performance in relation to discharging its principal responsibilities, communication with the Management and the standard of conduct of the Directors.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Company’s business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE

In determining each individual Director's performance, the following process is adopted: each Director will be required to complete a tailor-made self-assessment form. The responses of each Director will be collated, analysed and reported by the NC Chairman to the NC and thereafter to the Board. The individual evaluation will assess whether each Director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for meetings of the Board and Board Committees, and any other duties). Feedback arising from the process will be provided by the NC Chairman (in consultation with the NC) directly to the Director concerned. The evaluation will be taken into account in the appointment or re-election of the Directors. For FY2023, the NC reviewed and discussed the self-assessment forms of the directors as well as directors' feedback on Board and Board Committee performance, and after taking into consideration Director's attendance at meetings of the Board and Board Committees as well as at general meetings, the NC was of the view that the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

No external facilitator had been engaged by the Company for assessing the effectiveness of the Board in FY2023.

6. REMUNERATION MATTERS – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC reviews and makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director, the CEO and the CFO.

As at the date of this Report, the RC comprises Mr Loy⁽¹⁾ as the Chairman of the RC, and Messrs Khaw Shee Kai⁽²⁾ and Xie Yu, as the members of the RC, all of whom are Non-Executive Directors with the majority of them (including the RC Chairman) being independent.

Notes:

- (1) Mr Loy was re-designated as the Chairman of the RC with effect from 9 January 2024 in place of Mr Ng who had ceased to be the Chairman of the RC on 31 December 2023.
- (2) Mr Khaw was appointed as the Independent Director of the Company and a member of the RC with effect from 19 December 2023.

The duties and powers of the RC are, as follows:

- 1) to recommend to the Board a framework of remuneration for the directors and key management personnel which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments;
- 2) to review and recommend specific remuneration packages for each Executive Director as well as for key management personnel;
- 3) to recommend to the Board the remuneration of the Non-Executive Directors, which should be appropriate to the level of their respective contributions, taking into account factors such as their effort and time spent, and their responsibilities;
- 4) to determine the targets for any performance-related pay schemes in respect of the Executive Directors of the Group, and to review and recommend to the Board the terms of renewal of their service contracts; and
- 5) to review the Company's obligations arising in the event of termination of the Executive Directors' and Non-Executive Directors' contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC's recommendations will be submitted for endorsement by the Board. Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration. No Director is involved in deciding his own remuneration. The RC has access to advice regarding executive compensation matters, if required.

CORPORATE GOVERNANCE

The remuneration packages of the Executive Directors are based on service contracts. The Non-Executive and Independent Directors are paid yearly directors' fees and these fees are subject to shareholders' approval at the annual general meeting. In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors which are aligned with long term interest and risk policies of the Group. The RC shall review the compensation annually and ensure the remuneration of the Executive Directors is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. If necessary, the RC will consider expert advice outside the Company on remuneration of all Directors.

In considering the remuneration of all Directors, the RC has not sought external professional advice nor appointed independent remuneration consultants.

7. REMUNERATION MATTERS – LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In reviewing and/or setting remuneration packages for Executive Directors and Management, the Company takes into account pay and employment conditions within the same industry and in comparable companies, the size of the Group as well as the Group's relative performance and the performance of such individuals. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors and key management personnel without being excessive.

The remuneration for our Executive Directors comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and his individual performance:

- a. the Company has entered into a service agreement with Mr Gu, CEO and Executive Director of the Company on 9 September 2009 (the "**Service Agreement**"). The Service Agreement was for an initial term of three (3) years commencing from the date of the listing of the Company on the Catalist, and will continue thereafter unless terminated by not less than three (3) months' notice in writing served by either party on the other, which notice shall not expire until after the initial fixed term. Pursuant to the Service Agreement, Mr Gu is entitled to an annual basic salary of RMB1.0 million which may be subject to such increase as the RC may determine at its absolute discretion. Under the Service Agreement, any annual incentive bonus of Mr Gu is subject to the review and discretion of the RC after accounts of our Group for the immediate preceding financial year have been audited; and
- b. the Company has also entered into a service agreement with Mr Tee Tuan Sem ("**Mr Tee**") on 6 July 2010 (the "**Other Service Agreement**"), for an initial term of three (3) years commencing from 6 July 2010, and will continue thereafter unless terminated by not less than three (3) months' notice in writing served by either party on the other, which notice shall not expire until after the initial fixed term. Pursuant to the Other Service Agreement, Mr Tee is entitled to an annual basic salary of RMB500,000, which may be subject to such increase as the RC may determine at its absolute discretion.

There are, at present, no long-term incentive schemes in place for Executive Directors and key management personnel. As the operational size of the Group has expanded with the completion of the Group's acquisition of interest in the Tianjin operations in FY2022 and the Nangang port in FY2023 as well as the commencement of operations of the Group's facilities in Chongqing in December 2022, the RC will consider whether to adopt the guideline with respect to long-term incentive schemes under Practice Guidance 7 of the 2018 Code in due course.

In reviewing and/or setting Directors' Fee for Directors (including Non-Executive Directors), the Company takes into account the Directors' effort and estimated time to be dedicated to the Company's affairs, responsibilities and contribution to the Board as well as their skills, knowledge, experience and competencies. The RC has reviewed the structure of the Directors' Fees for FY2024 and recommends the Directors' Fees for FY2024 for shareholders' approval at annual general meeting.

CORPORATE GOVERNANCE

The Company has no share option plans. Accordingly, no share option has been granted to its Directors and its key management personnel.

There are, at present, no provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and Management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

8. REMUNERATION MATTERS – DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

As set out in Principle 7 above, the remuneration of Directors and key management personnel takes into account the level and quality of effort and contribution to the Group. The Company also takes into account pay and employment conditions within the same industry and in comparable companies.

The remuneration paid or payable to the Directors and its top five key management personnel⁽¹⁾ for services rendered during FY2023 by percentage is, as follows:

Remuneration Bands	Salary	Performance Bonus	Fee	Other Allowances	Other Benefits	Total
	%	%	%	%	%	%
Directors						
Below S\$250,000						
Gu Wen Long ⁽¹⁾	100	–	–	–	–	100
Tee Tuan Sem ⁽¹⁾	100	–	–	–	–	100
Xie Yu	–	–	100	–	–	100
Diong Tai Pew ⁽²⁾	–	–	100	–	–	100
Anthony Ng Koon Leng ⁽³⁾	–	–	100	–	–	100
Khaw Shee Kai ⁽⁴⁾	–	–	–	–	–	–
Loy Boon Huat ⁽⁵⁾	–	–	–	–	–	–
Key management personnel						
Below S\$250,000						
Xin Feng ⁽¹⁾	100	–	–	–	–	100
Zhang Qin ⁽¹⁾	100	–	–	–	–	100

Notes:

- (1) While the 2018 Code requires disclosure of remuneration of at least the top five key management personnel who are not directors or chief executive officer of the company, the Company is of the view that it only has two key management personnel who are not Directors or CEO of the Company, namely Mr Xin Feng and Ms Zhang Qin. As such, the Company only disclosed the remuneration of Mr Xin Feng and Ms Zhang Qin in the above table.
- (2) Mr Diong Tai Pew (“**Mr Diong**”) had resigned as Lead Independent Director of the Company with effect from 31 December 2023. Mr Diong’s remuneration in the table above reflects remuneration in respect of the period from 1 January 2023 to 31 December 2023.
- (3) Mr Anthony Ng Koon Leng (“**Mr Ng**”) had resigned as Independent Director of the Company with effect from 31 December 2023. Mr Ng’s remuneration in the table above reflects remuneration in respect of the period from 1 January 2023 to 31 December 2023.
- (4) Mr Khaw Shee Kai was appointed as Independent Director of the Company with effect from 19 December 2023.
- (5) Mr Loy Boon Huat was appointed as Independent Director of the Company with effect from 19 December 2023.

CORPORATE GOVERNANCE

The above remuneration of the Directors, CEO and key management personnel does not include any termination, retirement and post-employment benefits, except as required under the China laws.

The directors' fees of all Directors are not disclosed to the nearest thousand dollars in the Annual Report and accordingly, the Company has not complied entirely with Provision 8.1(a) of the 2018 Code. While the Company did not disclose the directors' fees of each Director to the nearest thousand dollars, the Board believes that the directors' fees payable to its Directors commensurate with the roles and responsibilities of the Directors as set out in Principle 7 above and recommends the Directors' Fees for FY2024 for the approval of shareholders in the upcoming annual general meeting.

The aggregate amount of the total remuneration paid to the two key management personnel as named above (who are not Directors or CEO) in FY2023 amounted to S\$182,250.

In accordance with Provision 8.2 of the 2018 Code, the Company will disclose the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000.

The total remuneration paid to Ms Gu Fan, who is the daughter of Mr Gu Wen Long, the CEO and Executive Director of the Company falls under the band of between S\$100,000 and S\$200,000 in FY2023. Ms Gu Fan was appointed as Investment and Development Manager of the Company on 1 March 2017. For more information, please refer to the Company's announcement dated 1 March 2017 released via the SGXNet.

"**Immediate family members**" means spouse, child, adopted child, stepchild, brother, sister and parent.

The Company does not have any employee share scheme(s). Save as disclosed above, the Company has not provided any form of remuneration, payments and/or benefits by the Company and/or its subsidiaries to Directors and/or key management personnel.

9. ACCOUNTABILITY AND AUDIT – RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Internal Controls

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments, and also to determine the Company's level of risk tolerance and risk policies.

Following the completion of the capital increase and stake transfer of Jiangyin Foreversun Chemical Logistics Co., Ltd. ("**China Holdco**") by and to CITIC Port Investment Co., Ltd. ("**CITIC Port**"), where CITIC Port became a 49% shareholder in China Holdco, an internal audit department was established in 2017 to oversee the internal audit matters of the Group. There has been no change to the internal audit department after the disposal by CITIC Port of its 49% equity interest in China Holdco to Sinopec Chemical in September 2021. As at the date of this Report, the Company's internal audit department comprises two internal auditors. In FY2023, the Company's internal audit department carried out a follow-up review of the previous year's internal audit issues of the Group, as well as a review of the budget and cash flow management and interested person transactions within the Group.

The Board has received assurances from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. The Board also received assurance from the CEO and the key management personnel of the Company that the Company's risk management and internal control systems in place are adequate and effective.

CORPORATE GOVERNANCE

The Board is satisfied that the system of internal controls maintained by the Management provides reasonable assurance for the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks, as well as providing reasonable assurance against material financial misstatements or loss. The Board, with the concurrence of the AC, is therefore of the view that the system of internal controls and risk management maintained by the Group is adequate and effective to safeguard shareholders' investments, the Group's assets and addresses financial, operational, compliance and information technology controls, and risk management systems of the Group.

The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

The Company has a whistle-blowing framework endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. There were no whistle-blowing letters received during FY2023 and until the date of this Report.

Risk Management

Under the 2018 Code, the Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

As of the date of the Annual Report, the Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

10. ACCOUNTABILITY AND AUDIT – AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

As at the date of this Annual Report, the AC comprises Mr Khaw Shee Kai ("**Mr Khaw**")⁽¹⁾ as the Chairman of the AC, and Messrs Xie Yu and Loy Boon Huat⁽²⁾ as the members of the AC, all of whom are Non-Executive Directors with majority (including the AC Chairman) being independent.

Notes:

- (1) Mr Khaw was appointed as the Independent Director of the Company and a member of the AC on 19 December 2023. Mr Khaw was re-designated as the Lead Independent Director of the Company and Chairman of the AC with effect from 9 January 2024 in place of Mr Diong who had ceased to be the Lead Independent Director and the Chairman of the AC on 31 December 2023.
- (2) Mr Loy was appointed as Independent Director of the Company and a member of the AC with effect from 19 December 2023.

Mr Khaw has more than 18 years of experience in the finance and accounting disciplines over the course of his extensive career in various SGX-ST listed as well as non-listed companies, Mr Xie has over 20 years of experience in investments and business consulting while Mr Loy has over 39 years of experience in business development and management. Accordingly, the Board is of the view that all members of the AC, including the AC Chairman, have the requisite qualifications, recent and relevant financial management knowledge, expertise and experience to discharge their responsibilities properly and effectively.

The AC members attend training sessions on updates to accounting requirements as well as related market developments and emerging trends. AC members are regularly updated on changes to accounting standards and issues related to financial reporting through, *inter alia*, their meetings with the internal and external auditors of the Company.

CORPORATE GOVERNANCE

Updates on changes in accounting standards and issues which have a direct impact on financial statements are prepared by external auditors and circulated to members of the AC periodically.

The Board has approved the written terms of reference of the AC. The main duties and responsibilities of the AC are, as follows:

- 1) to review with the external auditors their scope of audit, their audit plan, their evaluation of the system of internal accounting controls, their audit report, their letter to Management and Management's response;
- 2) to review the assurance from the CEO and the CFO on the financial records and financial statements and to review and ensure the integrity of the half-year and full year, and quarterly if applicable, financial statements and results announcements before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- 3) to review the internal control procedures (including reviewing the procedures implemented by our Group to ensure that all requisite licenses and approvals are obtained prior to commencement of the appropriate phases of each project, as well as ensuring that such procedures are adequate) and ensure co-ordination between the external auditors and our Management, and review the assistance given by our Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of our Management, where necessary);
- 4) to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- 5) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, that they may come across during the audit, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response;
- 6) to consider and evaluate the performance of independent auditors and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors, as well as approve the remuneration and terms of engagement of the external auditors;
- 7) to review the Mandated Transactions (as defined in the Company's Shareholders' Mandate, being the Appendix to the Annual Report of the Company for the Financial Year ended 31 December 2023), (including credit terms, status of outstanding receivables and any payments or disbursements to the interested person) and interested person transactions ("IPTs") (if any) falling within the scope of Chapter 9 of the Catalist Rules to ensure that the IPTs are valid, on normal commercial terms and not prejudicial to the interests of the Company and the minority shareholders;
- 8) to review internal audit plans;
- 9) to review the procedures by which employees of our Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigations and follow-up actions in relation thereto;
- 10) to review potential conflicts of interest, if any;
- 11) to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- 12) generally to undertake such other functions and duties as may be required by the relevant laws, the 2018 Code, or the Catalist Rules, and by such amendments made thereto from time to time; and

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- 13) to review our key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNet.

The AC has full authority to investigate any matter within its terms of reference, full access to and co-operation from the Management and external and internal auditors and full discretion to invite any Director, Executive Officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external auditors and internal auditors, in each case without the presence of the Company's Management, at least annually for a review and discussion of any key issues raised. The AC discusses regularly with the Management on key operational matters, appropriateness of accounting treatment for significant transactions and important risk and control measures. The AC is also further updated by the Management and external auditors of changes to the Catalist Rules and other regulations which could have an impact on the Group's financial statements.

The AC undertakes such further functions as may be agreed to by the AC and the Board from time to time.

During the course of FY2023, the AC's activities included, *inter alia*, the following:

- (i) review of the quarterly, half yearly and annual results of the Group before submission to the Board for approval;
- (ii) review of internal control policies implemented by the Group;
- (iii) review of the annual audit plan proposed by the external auditors and internal auditors respectively and approving any changes as necessary;
- (iv) review of the appointment of independent external auditor;
- (v) review of interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; and
- (vi) review of the assurance from the CEO and the CFO on the financial records and financial statements as well as the Group's financial and operational results and accounting policies.

External Auditors

BDO LLP, the external auditors of the Company, was responsible for providing services in connection with the audit of the financial statements of the Group for FY2023. For FY2023, the total remuneration in respect of audit services and non-audit services provided by BDO LLP for the Company is disclosed in section 18 of this Report.

The AC undertook the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit services provided and the fees paid to them. The AC is satisfied that the external auditors have not provided any non-audit services to the Company during FY2023 that will prejudice their independence and objectivity.

The AC has reviewed arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the Catalist Rules in relation to its auditing firms. No former partner or director of BDO LLP is a member of the AC, and none of the members of the AC hold any financial interest in BDO LLP.

CORPORATE GOVERNANCE

Significant matters	How the AC reviewed these matters and what decisions were made
Impairment assessment of investment in joint venture	The AC considered the approach and methodology applied to the impairment assessment of the investment in the China Holdco Group. The AC reviewed the reasonableness of key assumptions and analysis used by the Management in the assessment. The AC is of the view that the carrying amount of the investment in joint venture is appropriately stated as at 31 December 2023.

The above significant matters have been identified by the external auditors as key audit matters for FY2023. Please refer to page 80 of this Annual Report for further information.

Internal Auditors

As mentioned in Section 9 of this Report, an internal audit department was established in 2017 to oversee the internal audit matters of the entire Group. As at the date of this Report, the Company's internal audit department comprises two internal auditors.

The internal auditor carries out its functions according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor reports directly to the AC and reports administratively to the CEO. The internal auditor's scope of work and its internal audit findings will be submitted to the AC for review.

The AC also evaluates the adequacy and effectiveness of the internal audit function at least annually. The AC is of the view that the internal audit function is independent, effective and adequately resourced. The AC will assess and review the need to appoint external professional internal auditors from time to time to enhance the internal audit function of the Group.

11. SHAREHOLDER RIGHTS AND ENGAGEMENT – SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to establishing a corporate governance culture that promotes fair and equitable treatment of all shareholders. All shareholders are treated fairly and equitably, and enjoy specific rights under the Companies Act and the Company's Constitution.

These rights include, amongst others, pecuniary rights, for example, the right to participate in profit distributions and membership rights such as the right to participate in general meetings and the right to exercise their voting rights. Currently, under the Company's Constitution, all shareholders are entitled to attend and vote at the general meetings by person or proxy, and may appoint up to a maximum of two proxies, who need not be shareholders of the Company to attend and vote at general meetings.

In addition, as of 3 January 2016, the Companies Act has been amended to, amongst other things, allow certain members who are "relevant intermediaries" to attend and participate in general meetings without being constrained by the two-proxy requirement. A "relevant intermediary" as defined under the Companies Act includes corporations holding licenses in providing nominee and custodial services and who hold shares in that capacity and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

CORPORATE GOVERNANCE

The forthcoming Annual General Meeting (“AGM”) in respect of FY2023 will be held physically at Cantonment Room, M Hotel Singapore, 81 Anson Road, Singapore 079908 on 18 April 2024. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the forthcoming AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies) are set out in Notice of AGM dated 3 April 2024.

Shareholders are given notice of general meetings in accordance with the notice period required under the Companies Act as well as in the Constitution, and are informed of the relevant rules and procedures governing general meetings, including voting procedures. Shareholders are informed of shareholders’ meetings through notices published in newspapers and annual reports or circulars sent to all shareholders. These notices are also published on SGXNet. To ensure high level of accountability and to stay informed of the Company’s strategy and goals, shareholders are encouraged to attend, participate and vote at the Company’s AGMs and extraordinary general meetings, where they are allowed to vote in person or in absentia.

They are further encouraged to raise relevant questions or give views on the Company through open question and answer sessions.

Separate resolutions are proposed on each substantially separate issue at such general meetings. All the resolutions at the general meetings are single item resolutions. No resolutions are “bundled” in FY2023. If resolutions are “bundled”, the Company shall explain the reasons and material implications in the notice of meeting.

Shareholders are provided with the opportunity to raise questions and participate effectively at such general meetings on any issues that they may have with respect to the resolutions to be passed.

The Company respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All material information and changes in the Company or its business which would be likely to materially affect the price or value of the Company’s shares are disclosed in a timely manner via SGXNET announcements.

All Directors, and in particular the chairpersons of the AC, NC and RC, will be present at the AGM to address any relevant queries from shareholders. The Company’s external auditors, BDO LLP, will also be invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and contents of their auditors’ report. The Chairman of the meeting strives to facilitate constructive dialogue between shareholders and the Board, Management, external auditors and other relevant professionals, as well as allow board committee chairs or the Lead Independent Director to answer queries on matters related to their roles. In FY2023, all Directors attended the annual general meeting and the one (1) extraordinary general meeting of the Company.

All resolutions at the general meetings are put to vote by poll. Announcements of the detailed results of voting showing the number of votes cast for and against each resolution and the respective percentages are also made after each general meeting. The rules, including voting procedures, will be clearly explained by the scrutineer at such general meetings. The company will employ electronic polling if necessary.

The minutes of the general meetings are prepared by the Company Secretary and include substantial comments or queries from shareholders and responses from the Chairman, the Board and the Management. The Company does not comply with Provision 11.5 of the 2018 Code which requires the Company to publish minutes of general meetings on its corporate website as the Company does not maintain a corporate website. However, these minutes are available to shareholders of the Company at their request. Minutes for the AGM convened on 26 April 2023 has also been released to the SGX-ST on 8 May 2023, within one (1) month from the date of AGM. Minutes for the forthcoming AGM to be convened on 18 April 2024 will be released to the SGX-ST within one (1) month from the date of AGM.

CORPORATE GOVERNANCE

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNet. The Board has decided not to recommend any dividend in respect of FY2023 because China Holdco has not proposed or paid a dividend in respect of FY2023. As such, the Company could not pay a meaningful amount of dividend without depleting its cash resources.

Accountability

In presenting the quarterly, half yearly and annual financial statements and announcements to shareholders, the Board aims to provide shareholders with a detailed and balanced analysis and explanation of the Group's financial position and prospects. The Board also ensures that adequate steps are taken to ensure compliance with legislative and regulatory requirements. The AC has been tasked to review the Company's financial information to ensure that the objective is met.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis and as the Board may require from time to time. The Board will update the shareholders on the operations and financial position of the Company through quarterly business updates, half-year and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

12. SHAREHOLDER RIGHTS AND ENGAGEMENT – ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company recognises that effective communication leads to transparency and enhances accountability. As such, the Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company according to the Catalist Rules.

The Company does not comply with Provision 12.2 of the 2018 Code as the Company does not have a formal investor relations policy in place. Notwithstanding, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules. While the Company does not have a dedicated investor relations team or an investor relations policy in place, it has management personnel who are responsible for the Company's communication with shareholders. In FY2023, shareholders were provided an email address to submit their questions to the Company and the Company disseminated its response (if any) on the SGXNet prior to the holding of the AGM on 26 April 2023. The Board is of the view that the current communication channels are sufficient as well as cost-effective.

The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNet announcements and news releases and ensures that trade-sensitive and/or price-sensitive information is publicly released, and is announced within the mandatory period. The Company does not practise selective disclosure.

Shareholders may contact the company by email at contact@hyplc.com if there are any questions.

CORPORATE GOVERNANCE

13. MANAGING STAKEHOLDERS RELATIONSHIPS – ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board recognises that the interests of other parties such as customers, employees, suppliers and the larger community are essential as part of value creation for the Group. The Company has arrangements in place to enable it to identify and engage with its material stakeholders so as to better understand and address their needs and interests.

The Company's key focus areas during the reporting period are ensuring customer satisfaction, enhancing employees' well-being, engaging in responsible and ethical business practices, managing supply chain sustainability and contributing to community development.

While the Company does not maintain a corporate website and hence has deviated from Provision 13.3 of the 2018 Code, it engages with its key stakeholders (which include, but are not limited to, shareholders, suppliers, customers, employees, and regulators) through formal and informal channels of communication to understand their needs and concerns. Such channels include written communication by email or otherwise, telephone communications, the publishing of the Company's annual report, making of announcements on SGXNet, and the holding of the Company's annual general meeting.

14. DEALINGS IN SECURITIES

In compliance with the relevant Catalist Rules, the Company has devised its own internal compliance code to provide guidance to its Directors and employees with regard to dealings in the listed securities of the Company. Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in the possession of unpublished trade-sensitive and/or price-sensitive information.

The Company prohibits dealings in its shares by its Directors and employees during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year, or one (1) month before the announcement of the Company's half year or full financial year results, as the case may be, and ending on the day of the announcement of the relevant results.

15. MATERIAL CONTRACTS

Save as disclosed below and in Section 16 of this Report, neither the Company nor any of its subsidiaries have entered into any material contracts involving the interests of the CEO, each Director or controlling shareholder either still subsisting at the end of the financial year ended 31 December 2023 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2022.

In FY2023, the Group had through China Holdco entered into an equity transfer agreement dated 24 February 2023 in respect of the acquisition of (i) 94.8033% of the equity interest in the total paid-up registered capital of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司), and (ii) the equity interest in 100% of the total paid-up registered capital of Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司) from an independent third party (collectively, the "**Nanrong Acquisitions**"). Completion of the Nanrong Acquisitions had taken place on 30 June 2023. For further information on Nanrong Acquisitions, please refer to the Company's announcements dated 24 February 2023, 21 March 2023, 23 March 2023, 30 June 2023, and the Company's circular dated 6 March 2023.

The Group has no borrowings as at 31 December 2023. The borrowings which exist in the China Holdco Group and the assets and liabilities of the China Holdco Group are no longer consolidated in the Group's financial statements. However, where such loans have personal guarantees or corporate guarantees, such details are disclosed in the Company's announcements of its unaudited financial statements on the SGXNet and the notes to the audited financial statements.

CORPORATE GOVERNANCE

16. INTERESTED PERSON TRANSACTIONS

As a listed company on the SGX-ST, the Company has taken the following steps to ensure compliance with the requirements of Chapter 9 of the Catalist Rules (“**Chapter 9**”) on interested person transactions, including ensuring that interested person transactions are properly reviewed, approved, and conducted on an arm’s length basis:

- 1) the Board meets quarterly to review if the Group will be entering into any interested person transaction. If the Group is intending to enter into an interested person transaction, the Board will ensure that the Group complies with the requisite rules under Chapter 9; and
- 2) the AC also meets quarterly to review if the Group will be entering into any interested person transaction, and if so, the AC ensures that the relevant rules under Chapter 9 are complied with.

When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

For the period under review, the Group has carried out interested person transactions with the following persons:

CORPORATE GOVERNANCE

Information required pursuant to Rule 907

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	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)
Jiangyin Golden Bridge Chemical Co., Ltd. ("Jinqiao Chemical") ⁽¹⁾ – Provision of petrochemical storage services and land transport services Jiangyin Golden Bridge Trade Co., Ltd. ("Jinqiao Trade") ⁽¹⁾	– Jinqiao Chemical is a company established and wholly-owned by Ms Sun Fang, the spouse of the Company's CEO and Executive Director, Mr Gu Wen Long. – Jinqiao Trade is a company established and Controlled by Ms Sun Fang, the spouse of the Company's CEO and Executive Director, Mr Gu Wen Long.	– –	22,180 191

Notes:

- (1) The Company had obtained a renewal of the shareholders' mandate for interested person transactions ("**Shareholders' Mandate**") at its annual general meeting held on 26 April 2023. The Shareholders' Mandate applies to the Mandated Transactions (as defined in the next paragraph) that are carried out between any member of the Group, with Mr Gu Wen Long and/or his associates, including but not limited to, Golden Hope Industrial Co., Ltd. ("**Golden Hope**") and/or Jinqiao Chemical and its subsidiaries and associated companies, as the case may be ("**Interested Persons**").

The mandated transactions covered by the Shareholders' Mandate are: a) provision of petrochemical storage services and land transport services by the Group to the Interested Persons; and/or b) receiving financing support in the form of borrowing of funds from the Interested Persons. Transactions with interested persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules.

17. SPONSORSHIP

The current continuing sponsor of the Company, Xandar Capital Pte. Ltd. was appointed in place of CIMB Bank Berhad, Singapore Branch with effect from 22 July 2021. No fees relating to non-sponsorship activities or services were paid/payable to the Company's Sponsor, Xandar Capital Pte. Ltd., during FY2023.

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18. AUDIT AND NON-AUDIT FEES

For FY2023, the remuneration paid or payable to the Group's external auditors (including its associated firms) for providing audit and non-audit services are as follows:

	RMB
Audit fees paid/payable to	
– auditors of the Company (i.e. BDO LLP, Singapore)	418,080
– other auditors (i.e. BDO China Shu Lun Pan Certified Public Accountants LLP, PRC, a member firm of BDO International Limited)	850,000
Non-audit fees paid/payable to	
– auditors of the Company	–
– other auditors	–

19. SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Catalist Rules requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports. This summary of disclosure describes the Company's corporate governance practices with specific reference to the express disclosure requirements in the principles and provisions of the 2018 Code.

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Principle 1</p> <p>The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.</p>	Section 1
<p>Provision 1.1</p> <p>Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.</p>	Section 1, Paragraphs 2 – 5
<p>Provision 1.2</p> <p>Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.</p>	Section 1, Paragraphs 3 and 7 – 11
<p>Provision 1.3</p> <p>The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.</p>	Section 1, Paragraph 4

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 1.4</p> <p>Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board’s authority to make decisions, and a summary of each committee’s activities, are disclosed in the company’s annual report.</p>	Section 1, Paragraph 6
<p>Provision 1.5</p> <p>Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director’s attendances at such meetings are disclosed in the company’s annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.</p>	Section 1, Paragraphs 10 – 13
<p>Provision 1.6</p> <p>Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</p>	Section 1, Paragraphs 14 – 16
<p>Provision 1.7</p> <p>Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company’s expense. The appointment and removal of the company secretary is a decision of the Board as a whole.</p>	Section 1, Paragraphs 17 – 18
<p>Principle 2</p> <p>The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.</p>	Section 2
<p>Provision 2.1</p> <p>An “independent” director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.</p>	Section 2, Paragraphs 1 – 6
<p>Provision 2.2</p> <p>Independent directors make up a majority of the Board where the Chairman is not independent.</p>	Section 2, Paragraphs 7 – 8
<p>Provision 2.3</p> <p>Non-executive directors make up a majority of the Board.</p>	Section 2, Paragraph 9

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 2.4</p> <p>The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.</p>	<p>Section 2, Paragraphs 10 – 14</p>
<p>Provision 2.5</p> <p>Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.</p>	<p>Section 2, Paragraph 16</p>
<p>Principle 3</p> <p>There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.</p>	<p>Section 3</p>
<p>Provision 3.1</p> <p>The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.</p>	<p>Section 3, Paragraph 1</p>
<p>Provision 3.2</p> <p>The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.</p>	<p>Section 3, Paragraphs 2 – 4</p>
<p>Provision 3.3</p> <p>The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.</p>	<p>Section 3, Paragraphs 5 – 6</p>
<p>Principle 4</p> <p>The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.</p>	<p>Section 4</p>

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 4.1</p> <p>The Board establishes a NC to make recommendations to the Board on relevant matters relating to:</p> <ul style="list-style-type: none"> (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programmes for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any). 	Section 4, Paragraphs 1 and 3 – 5
<p>Provision 4.2</p> <p>The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.</p>	Section 4, Paragraph 2
<p>Provision 4.3</p> <p>The company discloses process for selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.</p>	Section 4, Paragraphs 10 – 17
<p>Provision 4.4</p> <p>The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</p>	Section 4, Paragraphs 4 – 8
<p>Provision 4.5</p> <p>The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.</p>	Section 4, Paragraphs 18 – 20

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Principle 5</p> <p>The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.</p>	Section 5
<p>Provision 5.1</p> <p>The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</p>	Section 5, Paragraphs 1-6
<p>Provision 5.2</p> <p>The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.</p>	Section 5, Paragraphs 3-7
<p>Principle 6</p> <p>The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.</p>	Section 6
<p>Provision 6.1</p> <p>The Board establishes a Remuneration Committee (“RC”) to review and make recommendations to the Board on:</p> <p>(a) a framework of remuneration for the Board and key management personnel; and</p> <p>(b) the specific remuneration packages for each director as well as for the key management personnel.</p>	Section 6, Paragraphs 1, 3 – 5
<p>Provision 6.2</p> <p>The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.</p>	Section 6, Paragraph 2
<p>Provision 6.3</p> <p>The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.</p>	Section 6, Paragraphs 3 – 5
<p>Provision 6.4</p> <p>The Company discloses the engagement of any remuneration consultants and their independence in the company's annual report.</p>	Section 6, Paragraph 6

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Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Principle 7</p> <p>The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.</p>	Section 7
<p>Provision 7.1</p> <p>A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.</p>	Section 7, Paragraphs 1 – 3 and 5- 6
<p>Provision 7.2</p> <p>The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.</p>	Section 7, Paragraphs 4 – 6
<p>Provision 7.3</p> <p>Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.</p>	Section 7, Paragraphs 1 – 4
<p>Principle 8</p> <p>The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.</p>	Section 8
<p>Provision 8.1</p> <p>The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.</p>	Section 8, Paragraphs 1 – 5

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 8.2</p> <p>The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds \$100,000, during the year, in bands no wider than \$100,000, in its annual report. The disclosure states clearly the employee’s relationship with the relevant director or the CEO or substantial shareholder.</p>	<p>Section 8, Paragraphs 6 – 8</p>
<p>Provision 8.3</p> <p>The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.</p>	<p>Section 8, Paragraph 9</p>
<p>Principle 9</p> <p>The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.</p>	<p>Section 9</p>
<p>Provision 9.1</p> <p>The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.</p>	<p>Section 9, Paragraphs 1 – 8</p>
<p>Provision 9.2</p> <p>The Board requires and discloses in the company’s annual report that it has received assurance from:</p> <p>(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give true and fair view of the Company’s operations and finances; and</p> <p>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company’s risk management and internal control systems.</p>	<p>Section 9, Paragraph 3 – 4</p>

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Principle 10</p> <p>The Board has an Audit Committee (“AC”) which discharges its duties objectively.</p>	Section 10
<p>Provision 10.1</p> <p>The duties of the AC include:</p> <ul style="list-style-type: none"> (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company’s financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company’s internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company’s internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns. 	Section 10, Paragraphs 5, 8 – 9
<p>Provision 10.2</p> <p>The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.</p>	Section 10, Paragraphs 1 – 2
<p>Provision 10.3</p> <p>The AC does not comprise former partners or directors of the company’s existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.</p>	Section 10, Paragraph 13

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
<p>Provision 10.4</p> <p>The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company’s documents, records, properties and personnel, including the AC, and has appropriate standing within the company.</p>	<p>Section 10, Paragraphs 6, 15 – 19</p>
<p>Provision 10.5</p> <p>The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.</p>	<p>Section 10, Paragraph 7</p>
<p>Principle 11</p> <p>The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.</p>	<p>Section 11</p>
<p>Provision 11.1</p> <p>The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.</p>	<p>Section 11, Paragraphs 1 – 9</p>
<p>Provision 11.2</p> <p>The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the company explains the reasons and material implications in the notice of meeting.</p>	<p>Section 11, Paragraph 7</p>
<p>Provision 11.3</p> <p>All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders’ queries about the conduct of audit and the preparation and content of the auditors’ report. Directors’ attendance at such meetings held during the financial year is disclosed in the company’s annual report.</p>	<p>Section 11, Paragraph 10</p>
<p>Provision 11.4</p> <p>The company’s Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.</p>	<p>Section 11, Paragraphs 2 and 5</p>
<p>Provision 11.5</p> <p>The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.</p>	<p>Section 11, Paragraph 12</p>

CORPORATE GOVERNANCE

Principles and provisions of the 2018 Code – Express disclosure requirements	Section and Paragraph reference
Provision 11.6 The company has a dividend policy and communicates it to shareholders.	Section 11, Paragraph 13
Principle 12 The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	Section 12
Provision 12.1 The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	Section 12, Paragraphs 3 – 4
Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	Section 12, Paragraph 2
Provision 12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	Section 12, Paragraphs 2 – 4
Principle 13 The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.	Section 13
Provision 13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	Section 13, Paragraph 1
Provision 13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Section 13, Paragraph 2
Provision 13.3 The company maintains a current corporate website to communicate and engage with stakeholders.	Section 13, Paragraph 3

DIRECTORS' STATEMENT

The Directors of Hengyang Petrochemical Logistics Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiary (the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this statement, and as disclosed in Note 4 to the financial statements, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Loy Boon Huat	(Non-Executive Independent Chairman) (Appointed on 19 December 2023)
Gu Wen Long	(Chief Executive Officer and Executive Director)
Tee Tuan Sem	(Vice Chairman and Executive Director)
Xie Yu	(Non-Executive Director)
Khaw Shee Kai	(Lead Independent Director) (Appointed on 19 December 2023)

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), none of the Directors of the Company holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1 January 2023	Balance as at 31 December 2023	Balance as at 1 January 2023	Balance as at 31 December 2023
	Number of ordinary shares			
Company				
Gu Wen Long	–	–	114,100,000	114,100,000
Diong Tai Pew ⁽¹⁾	676,100	676,100	–	–
Xie Yu	1,950,000	1,950,000	–	–
Ultimate holding company				
Foreversun Holdings Co., Ltd. ⁽²⁾				
Gu Wen Long	50,000	50,000	–	–

(1) Diong Tai Pew on had resigned as Independent Directors of the Company with effect from 31 December 2023.

(2) Gu Wen Long owns the entire issued share capital of Foreversun Holdings Co., Ltd.

By virtue of Section 7 of the Act, Mr Gu Wen Long is deemed to have an interest in the shares of all the subsidiary of the Company as at the beginning and end of the financial year.

In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the register of directors' shareholding, the Directors' interests as at 21 January 2024 in the shares of the Company have not changed from those disclosed as at 31 December 2023.

5. Share options

There were no share options granted by the Company or its subsidiary corporation during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporation.

There were no unissued shares of the Company or its subsidiary corporation under option as at the end of the financial year.

DIRECTORS' STATEMENT

6. Audit committee

The Audit Committee of the Company comprises Mr Khaw Shee Kai⁽¹⁾ as the Chairman of the AC, and Messrs Xie Yu and Loy Boon Huat⁽²⁾ as the Committee members, all of whom are Non-Executive Directors with majority (including the AC Chairman) being independent. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with section 201B(5) of the Companies Act 1967 in Singapore, including reviewing the following, where relevant, with the executive Directors and external and internal auditors of the Company:

- (a) the audit plans of the internal and external auditors and the reports of the examination and evaluation of the Company's and the Group's systems of internal controls issued by the internal auditors;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditor's report on those financial statements;
- (d) the quarterly and full year results announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's external auditor;
- (f) the re-appointment of the external auditor of the Company; and
- (g) interested person transactions (as defined in Chapter 9 of the Listing Manual).

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

(1) Mr Khaw Shee Kai ("**Mr Khaw**") was appointed as the Independent Director of the Company and a member of the AC on 19 December 2023. Mr Khaw was re-designated as the Lead Independent Director of the Company and Chairman of the AC with effect from 9 January 2024 in place of Mr Diong Tai Pew who had ceased to be the Lead Independent Director and the Chairman of the AC on 31 December 2023.

(2) Mr Loy Boon Huat was appointed as Independent Director of the Company and a member of the AC with effect from 19 December 2023.

7. Additional disclosure requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The auditor of the subsidiary of the Company is disclosed in Note 6 to the financial statements. In the opinion of the Board of Directors and the Audit Committee, Rules 712 and 715 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited have been complied with.

DIRECTORS' STATEMENT

8. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Gu Wen Long

Director

2 April 2024

Khaw Shee Kai

Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hengyang Petrochemical Logistics Limited (the "Company") and its subsidiary (the "Group"), as set out on pages 84 to 109, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Impairment assessment of Investment in a Joint Venture

As at 31 December 2023, the Group's carrying amount of investment in a joint venture was approximately RMB527,248,000 which comprised 96% of the total assets of the Group. There are indications of impairment as certain subsidiaries of the joint venture, Jiangyin Foreversun Chemical Logistics Co., Ltd. have been incurring losses during the prior and current financial years.

For the purpose of impairment testing, management has determined the recoverable amount using the value-in-use ("VIU") method. The VIU calculations require the Group to estimate the future cash flows using revenue growth rates, earnings before interest and tax ("EBIT") margins and discount rate in order to calculate the recoverable amount of the cash-generating unit.

We focused on this area as a key audit matter owing to the significant judgement and key assumptions applied by management in the determination of the recoverable amount of investment in a joint venture.

Related Disclosures

Refer to Notes 3.2 and 7 to the financial statements for the disclosures in relation to impairment assessment of investment in a joint venture.

Audit Response

Our procedures included, amongst others:

- We evaluated management's impairment assessment, their basis for the determination of the recoverable amount and key assumptions used in the VIU calculations;
- We compared underlying data used in the VIU calculations against historical actual performance for reasonableness;
- We engaged our internal valuation specialist to evaluate the appropriateness of the VIU calculation model and reasonableness of the discount rate used by management;
- We performed sensitivity analysis on the key assumptions used in management's computation; and
- We assessed the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Liang Hongzhou.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
2 April 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group	
		2023 RMB'000	2022 RMB'000
Non-current assets			
Plant and equipment	5	–	–
Investment in a joint venture	7	527,248	536,272
Right-of-use asset	8	109	49
		<u>527,357</u>	<u>536,321</u>
Current assets			
Other receivables	9	29	15
Amounts owing by a joint venture	10	203	196
Cash and bank balances	12	23,105	37,410
		<u>23,337</u>	<u>37,621</u>
Less:			
Current liabilities			
Other payables	13	1,539	2,017
Lease liability	14	51	52
Current income tax payable		–	28
		<u>1,590</u>	<u>2,097</u>
Net current assets		<u>21,747</u>	<u>35,524</u>
Less:			
Non-current liability			
Lease liability	14	60	–
Net assets		<u>549,044</u>	<u>571,845</u>
Equity			
Share capital	15	289,064	289,064
Other reserve	16	83,004	83,004
Retained earnings		176,976	199,777
Total equity		<u>549,044</u>	<u>571,845</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Company	
		2023 RMB'000	2022 RMB'000
Non-current assets			
Plant and equipment	5	–	–
Investments in a subsidiary	6	<u>303,472</u>	<u>303,472</u>
		303,472	303,472
Current assets			
Amount owing by a joint venture	10	6	6
Amount owing by a subsidiary	11	6,585	8,465
Cash and bank balances	12	<u>1,226</u>	<u>3,844</u>
		7,817	12,315
Less:			
Current liabilities			
Other payables	13	1,117	1,623
Amount owing to a subsidiary	11	32,263	31,100
Current income tax payable		–	–
		<u>33,380</u>	<u>32,723</u>
Net current liabilities		(25,563)	(20,408)
Net assets		277,909	283,064
Equity			
Share capital	15	289,064	289,064
Accumulated losses		<u>(11,155)</u>	<u>(6,000)</u>
Total equity		277,909	283,064

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RMB'000	2022 RMB'000
Interest income		86	360
Other income	17	-	34
Administrative and other expenses		(5,246)	(4,553)
Interest expense	14	(1)	(4)
Share of results of joint venture	7	(17,640)	(5,408)
Gain on dilution of equity interest in joint venture	7	-	28,463
(Loss)/Profit before income tax	18	(22,801)	18,892
Income tax credit	20	-	31
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year		(22,801)	18,923
Total comprehensive income attributable to:			
Owners of the parent		(22,801)	18,923
(Loss)/Profit per share (RMB cents):			
- Basic	21	(11.21)	9.30
- Diluted	21	(11.21)	9.30

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Equity attributable to owners of the parent RMB'000	Total equity RMB'000
Balance as at 1 January 2023	289,064	83,004	199,777	571,845	571,845
Total comprehensive income for the financial year	-	-	(22,801)	(22,801)	(22,801)
Balance as at 31 December 2023	289,064	83,004	176,976	549,044	549,044
Balance as at 1 January 2022	289,064	83,004	180,854	552,922	552,922
Total comprehensive income for the financial year	-	-	18,923	18,923	18,923
Balance as at 31 December 2022	289,064	83,004	199,777	571,845	571,845

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RMB'000	2022 RMB'000
Operating activities			
(Loss)/Profit before income tax		(22,801)	18,892
Adjustments for:			
Amortisation of right-of-use asset	8	55	51
Interest expense	14	1	4
Interest income		(86)	(360)
Unrealised foreign exchange (loss)/gain	18	174	(294)
Share of results of joint venture	7	17,640	5,408
Gain on dilution of equity interest in joint venture	7	-	(28,463)
Operating cash flows before working capital changes		(5,017)	(4,762)
Working capital changes:			
Other receivables and amounts owing by a joint venture		(21)	78
Other payables		(591)	467
Cash used in operations		(5,629)	(4,217)
Income tax paid		(28)	-
Net cash used in operating activities		(5,657)	(4,217)
Investing activities			
Capital contribution to investment in joint venture	7	(8,616)	-
Interest received		86	360
Net cash (used in)/from investing activities		(8,530)	360
Financing activities			
Increase in fixed deposit pledged		-	(8,943)
Repayment of obligations under lease	14	(57)	(51)
Interest paid	14	(1)	(4)
Net cash used in financing activities		(58)	(8,998)
Net change in cash and cash equivalents		(14,245)	(12,855)
Effect of exchange rate changes on cash and cash equivalents		(60)	332
Cash and cash equivalents at beginning of the financial year		28,467	40,990
Cash and cash equivalents at end of the financial year	12	14,162	28,467

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of and should be read in conjunction with the financial statements.

1. 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, People’s Republic of China (“PRC”) 214446. The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary are set out in Note 6 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Companies Act 1967 in Singapore and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related SFRS(I) Interpretations (“SFRS(I) INTs”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as disclosed in Note 4 to the financial statements.

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 (its “functional currency”). The 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.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2023

On 1 January 2023, the Group adopted the new or amended SFRS(I) and interpretations to SFRS(I) that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except disclosed below:

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Disclosure of Accounting Policies and SFRS(I) Practice Statement 2

The amendments change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy is likely to be considered material.

Management has followed the guidance in the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 in determining which accounting policy information is material. For the preparation of financial statements for the financial year ended 31 December 2023, the material accounting policy information have been included in Note 2 to the financial statements.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.3 Impairment of non-financial assets

At the end of each financial year, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.3 Impairment of non-financial assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.4 Financial guarantee contracts

The Group has issued corporate guarantees to certain lenders for borrowings of certain subsidiaries of the joint venture and these guarantees qualify as financial guarantees because the Group is required to reimburse the lenders if these subsidiaries of the joint venture are unable to repay these borrowings as and when they fall due.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

2.5 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash on hand, deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents excludes any pledged deposits.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Group executive directors and chief executive officer have been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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.

3.1 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 31 December 2023, the Group (through its wholly owned subsidiary Hengyang Holding Pte. Ltd), Sinopec Chemical Sales Company Limited ("Sinopec Chemical"), CITIC Port Investment Co., Ltd ("CITIC Port") and Jiangyin Golden Bridge Chemical Co., Ltd ("Jinqiao Chemical") respectively hold 41.64%, 49.16%, 1.68% and 7.52% of the equity interest in Jiangyin ForeverSun Chemical Logistics Co., Ltd. ("Jiangyin ForeverSun") (Note 7).

Management has carried out an assessment to determine whether the Group continues to have joint control over Jiangyin ForeverSun. The assessment included review of unanimous consent from the two joint venture partners (the Group and Sinopec Chemical) for reserved matters and relevant activities which will significantly affect the returns of the joint venture. Accordingly, the Group concluded that it is appropriate to classify Jiangyin ForeverSun as a joint venture of the Group (Note 7) as at end of the financial year.

3.2 Key sources of estimation uncertainty

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

Impairment of investment in a joint venture

The Group followed the accounting policy set out in Note 2.3 in the impairment assessment of its investment in a joint venture. The recoverable amount has been determined based on value-in-use calculations. The value-in-use calculations require the Group to estimate the future cash flows using suitable revenue growth rates, earnings before interest and tax ("EBIT") margins and discount rate in order to calculate the recoverable amount of the cash-generating unit. The Group's carrying amount of investment in a joint venture as at 31 December 2023 was RMB527,248,000 (2022: RMB536,272,000). The details of the impairment assessment and key assumptions are set out in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. GOING CONCERN

The Group and its joint venture partners provided guarantees to certain lenders for the borrowings of its joint venture, Jiangyin Foreversun and its subsidiaries (the “Jiangyin Group”). The details of the guarantees are set out in Note 22 to the financial statements. The directors are of the view that there is no material uncertainty that may cast a significant doubt on the Group’s and the Company’s ability to continue as a going concern as the Group does not expect significant credit losses arising from these guarantees.

5. PLANT AND EQUIPMENT

	Electronic system and equipment RMB'000	Furniture and fixtures RMB'000	Total RMB'000
Group and Company			
Cost			
Balance as at 1 January 2022, 31 December 2022 and 31 December 2023	10	55	65
Accumulated depreciation			
Balance as at 1 January 2022, 31 December 2022 and 31 December 2023	10	55	65
Carrying amount			
Balance as at 31 December 2022 and 31 December 2023	–	–	–

6. INVESTMENTS IN A SUBSIDIARY

	Company	
	2023	2022
	RMB'000	RMB'000
Unquoted equity investments, at cost	303,472	303,472

The details of the subsidiary are as follows:

Name of subsidiary (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group	
		2023	2022
		%	%
Held by the Company			
Hengyang Holding Pte. Ltd. ⁽¹⁾ (Singapore)	Investment holding	100	100

(1) Audited by BDO LLP, Singapore.

Investments in a subsidiary are accounted for at cost less accumulated impairment losses, if any, in the Company’s separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT IN A JOINT VENTURE

	Group	
	2023 RMB'000	2022 RMB'000
At beginning of the financial year	536,272	513,217
Share of result of joint venture, net of tax	(17,640)	(5,408)
Capital injection	8,616	–
Gain on dilution of equity interest	–	28,463
At the end of the financial year	527,248	536,272

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	
		2023 %	2022 %
<u>Held by Hengyang Holding Pte. Ltd. (“HHPL”)</u>			
Jiangyin Foreversun Chemical Logistics Co., Ltd. ⁽¹⁾ (People’s Republic of China) (Jiangyin Group)	Storage, dispatch, drumming and land transportation of liquid petrochemical products and management of ports terminal	41.64	41.36

(1) Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, PRC, a member firm of BDO International Limited for equity accounting purpose.

The financial year end of Jiangyin Foreversun is 31 December. The Group’s investment in a joint venture is accounted for using the equity method.

In prior financial year, Jiangyin Foreversun increased its registered capital by RMB160 million to strengthen its financial position and to be in a better position to expand its business in China (“Capital increase exercise”). As at 31 December 2022, Sinopec Chemical and Jinqiao Chemical completed their respective capital injection into Jiangyin Foreversun; whereas the Group had not completed its portion of capital injection. Hence, as at 31 December 2022, the equity interest held by the Group decreased from 49% to 41.36% while Sinopec Chemical, CITIC Port and Jinqiao Chemical respectively hold 49.39%, 1.69% and 7.56% of the equity interest in Jiangyin Foreversun.

As a result from the above, the Group recorded a “gain on dilution in equity interest in joint venture” of RMB28,463,000 in the consolidated statement of comprehensive income during the prior financial year.

On 20 January 2023, the Group completed its capital injection of RMB8,616,101 into Jiangyin Foreversun. Upon completion of capital increase exercise, the equity interest held by the Group increased from 41.36% to 41.64% while Sinopec Chemical, CITIC Port and Jinqiao Chemical respectively hold 49.16%, 1.68% and 7.52% of the equity interest in Jiangyin Foreversun.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT IN A JOINT VENTURE (Continued)

The Group 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 Note 22 to the financial statements.

Impairment assessment of investment in a joint venture

The management carried out a review of the investment in a joint venture, having regard for indicators of impairment on investment in a joint venture as certain subsidiaries of the joint venture have been incurring losses for the prior and current financial years. The assessment was made with reference to the value-in-use calculations by discounting future cash flow of remaining years of the respective land use rights for each operating entity. Based on management's review, no impairment was required.

The key assumptions used in the value-in-use calculations are as follows:

	Group	
	2023	2022
	%	%
Revenue growth rates	2.2 – 38.0	1.8 – 41.5
Earnings before interest and tax ("EBIT") margins	23.3 – 52.0	16.0 – 51.8
Discount rate	8.4	9.7

If any of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal.

	Group	
	2023	2022
Revenue growth rates	Decreased by 1.95%	Decreased by 0.67%
EBIT margins	Decreased by 9.51%	Decreased by 7.04%
Discount rate	Increased by 1.65%	Increased by 1.61%

Significant restrictions

As at 31 December 2023, cash and bank balances of approximate RMB168,480,000 (2022: RMB153,225,000) held by joint venture in China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT IN A JOINT VENTURE (Continued)

Summarised financial information

Summarised financial information in respect of Jiangyin Foreversun and its subsidiaries (“Jiangyin Group”) and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised consolidated statement of financial position of Jiangyin Group

	2023	2022
	RMB'000	RMB'000
Current assets	295,410	236,898
Non-current assets	4,248,879	3,665,574
Current liabilities	(932,348)	(577,287)
Non-current liabilities	(2,408,954)	(2,112,626)

The above amounts of assets and liabilities include the following:

	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents	168,480	153,225
Current financial liabilities (excluding trade and other payables and current income tax payable)	(569,678)	(347,957)
Non-current financial liabilities (excluding trade and other payables and deferred tax liabilities)	(2,349,351)	(2,069,210)

Summarised consolidated statement of comprehensive income of Jiangyin Group

	2023	2022
	RMB'000	RMB'000
Revenue	486,321	405,340
Loss before income tax	(64,971)	(15,438)
Loss from continuing operations	(56,698)	(18,593)
<i>Included in the above amounts are:</i>		
Depreciation and amortisation	(167,794)	(104,524)
Interest income	952	300
Interest expense	(118,568)	(72,706)
Income tax expense/(credit)	8,273	(3,158)

	2023	2022
	RMB'000	RMB'000
Total loss, representing total comprehensive loss	(56,698)	(18,593)
Total comprehensive loss attributable to:		
– Owners of Jiangyin Foreversun	(42,360)	(11,035)
– Non-controlling interests	(14,338)	(7,558)
	(56,698)	(18,593)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT IN A JOINT VENTURE (Continued)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:

	2023	2022
	RMB'000	RMB'000
Proportion of Group ownership	41.64%	41.36%
Share of net assets of the joint venture	434,671	443,123
Fair value adjustment on plant and equipment and land use rights	53,879	53,517
Cumulative depreciation and amortisation on fair value adjustment	(11,651)	(10,395)
Interest in joint venture	476,899	486,245
Goodwill	50,349	50,027
Carrying value of Group's interest in joint venture	527,248	536,272

8. RIGHT-OF-USE ASSET

	Group	
	2023	2022
	RMB'000	RMB'000
At cost		
Balance as at 1 January	49	100
Addition	115	–
Amortisation for the financial year	(55)	(51)
Balance as at 31 December	109	49

The Group leases an office premise in Singapore which is amortised over a lease term of 2-3 years (2022: 3 years).

9. OTHER RECEIVABLES

Other receivables classified as financial assets at amortised costs are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	14	–	–	–
Singapore dollar	15	15	–	–
	29	15	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. AMOUNTS OWING BY A JOINT VENTURE

The amounts owing by a joint venture are unsecured, non-interest bearing, repayable on demand. The balances are denominated in the following currencies:

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Chinese renminbi	6	6	6	6
Singapore dollar	197	190	–	–
	203	196	6	6

Amounts owing by a joint venture are considered to be a low credit risk and subject to immaterial credit loss (Note 24.2). Credit risk for these assets has not increased significantly since their initial recognition.

11. AMOUNT OWING BY/(TO) A SUBSIDIARY

Amount owing by a subsidiary

The amount owing by a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable upon demand. The amount is denominated in Chinese renminbi.

Amount owing by a subsidiary is considered to be a low credit risk and subject to immaterial credit loss (Note 24.2). Credit risk for these assets has not increased significantly since their initial recognition.

Amount owing to a subsidiary

The amount owing to a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable upon demand. The amount is denominated in Singapore dollar.

12. CASH AND BANK BALANCES

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Cash on hand	14	13	–	–
Bank balances	14,148	28,454	1,226	3,844
Fixed deposits	8,943	8,943	–	–
	23,105	37,410	1,226	3,844

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. CASH AND BANK BALANCES (Continued)

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese renminbi	21,972	35,606	698	3,198
Singapore dollar	1,130	1,796	525	638
United States dollar	3	8	3	8
	<u>23,105</u>	<u>37,410</u>	<u>1,226</u>	<u>3,844</u>

Fixed deposits of RMB8,943,000 (2022: RMB8,943,000) have a tenure of 12 (2022: 12) months and were pledged to the bank as performance guarantee to CITIC Port.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	Group	
	2023	2022
	RMB'000	RMB'000
Cash and bank balances (as above)	23,105	37,410
Less: Fixed deposit pledged	(8,943)	(8,943)
Cash and cash equivalents per consolidated statement of cash flows	<u>14,162</u>	<u>28,467</u>

The fixed deposit pledged had been release in January 2024.

13. OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	723	726	301	545
Amounts owing to directors	444	831	444	831
Other payables – third parties	372	460	372	247
	<u>1,539</u>	<u>2,017</u>	<u>1,117</u>	<u>1,623</u>

Other payables are denominated in Singapore dollar.

Amounts owing to directors pertained to unpaid director fee for the financial year. These amounts are unsecured, non-interest bearing, repayable on demand and denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. LEASE LIABILITY

	Group	
	2023	2022
	RMB'000	RMB'000
Balance as at 1 January	52	103
Interest expense	1	4
Addition	116	–
Lease payments		
– Principal portion	(57)	(51)
– Interest portion	(1)	(4)
	(58)	(55)
Balance as at 31 December	111	52

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

	Group	
	2023	2022
	RMB'000	RMB'000
Contractual undiscounted cash flows		
– Not later than a year	56	53
– Between one and three years	61	–
	117	53
Less: Future interest expense	(6)	(1)
Present value of lease liabilities	111	52
Presented in statement of financial position		
– Non-current	60	–
– Current	51	52
	111	52

The Group leases an office premise in Singapore with fixed payments over the lease terms and the incremental borrowing rate applied was 5.25% (2022: 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 dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		RMB'000	RMB'000
Issued and fully paid				
Balance as at beginning and end of financial year	203,461,883	203,461,883	289,064	289,064

The Company has one class of ordinary shares which carried no right to fixed income. All ordinary shares carry one vote per share without restriction and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. All shares rank equally with regards to the Company's residual assets.

16. OTHER RESERVE

Other reserve arose from dilution of equity interest in HHPL due to issuance of new shares to non-controlling interest in prior years and such transaction did not result in a loss in control in HHPL.

17. OTHER INCOME

	Group	
	2023	2022
	RMB'000	RMB'000
Government grant	-	34
	-	34

18. (LOSS)/PROFIT BEFORE INCOME TAX

The above has been arrived at after charging/(crediting):

	Group	
	2023	2022
	RMB'000	RMB'000
Amortisation of right-of-use asset (Note 8)	55	51
Audit fee paid/payable:		
- Auditor of the Company	428	402
Foreign exchange loss/(gain)	174	(294)
Professional fees	661	578
Employee benefit costs (including of Directors' fees) (Note 19)	3,306	3,076

There are no audit-related services paid to the auditor of the Company and other auditors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. EMPLOYEE BENEFIT COSTS

Group	Directors' remuneration RMB'000	Other staff RMB'000	Total RMB'000
2023			
Directors' fees			
– Directors of the Company	1,169	–	1,169
Salaries and related costs	1,141	830	1,971
Defined contribution plans	74	92	166
	<u>2,384</u>	<u>922</u>	<u>3,306</u>
2022			
Directors' fees			
– Directors of the Company	1,086	–	1,086
Salaries and related costs	1,077	750	1,827
Defined contribution plans	49	114	163
	<u>2,212</u>	<u>864</u>	<u>3,076</u>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Directors are considered key management personnel. The employee benefit costs are charged to administrative and other expenses.

20. INCOME TAX CREDIT

Current tax credit	Group	
	2023 RMB'000	2022 RMB'000
Over provision of current income tax in respect of previous year	–	31
	<u>–</u>	<u>31</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. INCOME TAX CREDIT (Continued)

The income tax credit varied from the amount of income tax credit determined by applying the applicable income tax rate of 17% (2022: 17%) to (loss)/profit before income tax as a result of the following:

	Group	
	2023 RMB'000	2022 RMB'000
(Loss)/Profit before income tax	(22,801)	18,892
Share of results of joint venture, net of tax	17,640	5,408
	<u>(5,161)</u>	<u>24,300</u>
Tax at applicable income tax rate	(877)	4,131
Tax effect on non-deductible expenses	1,019	1,171
Tax effect on income not subject to tax	(142)	(5,302)
Over provision of current income tax in respect of previous year	-	31
	<u>-</u>	<u>31</u>

21. (LOSS)/PROFIT PER SHARE

The calculation for (loss)/profit per share is based on:

	Group	
	2023 RMB'000	2022 RMB'000
(Loss)/Profit after income tax attributable to owners of the parent (RMB'000)	(22,801)	18,923
Actual number of ordinary shares in issue during the financial year applicable to basic profit per share ('000)	203,462	203,462
(Loss)/Profit per share (in RMB cents)		
- Basic and diluted	(11.21)	9.30

Basic (loss)/profit per share is calculated by dividing the net (loss)/profit after income tax for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted (loss)/profit per share is equivalent to basic (loss)/profit per share for the financial year.

22. CONTINGENT LIABILITIES

The Group and its joint venture partners had given guarantees amounting up to RMB243,929,000 (2022: RMB291,090,000) to certain lenders in respect of borrowings of the joint venture, Jianguyin Group. At 31 December 2023, the total amount of borrowings covered by the guarantees is RMB196,128,000 (2022: RMB249,278,000). Such financial guarantees require the Group to reimburse the lenders if Jianguyin Group fails to make principal or interest repayments when due in accordance with the terms of the respective borrowings. As at 31 December 2023, the current liabilities of the Jianguyin Group exceeded its current assets by RMB636,938,000 (2022: RMB340,389,000). The Jianguyin Group has RMB648,675,000 (2022: RMB283,980,000) of borrowings which are due for repayment within the next 12 months from the reporting date, of which RMB16,403,000 (2022: RMB33,830,000) were guaranteed by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. CONTINGENT LIABILITIES (Continued)

The Directors are of the view that the Jiangyin Group is able to pay its debts when fall due, due to availability of undrawn banking facilities available to Jiangyin Group and expected positive cash flow from operation in next financial year. Furthermore, Jiangyin Group's borrowings are secured over mortgages against fixed assets of Jiangyin Group. As at 31 December 2023, the carrying amount of Jiangyin Group's properties, plant and equipment are substantially higher than the carrying amount of the outstanding borrowings. Based on the Group's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group	
	2023 RMB'000	2022 RMB'000
Group		
By joint venture		
<i>Sales to related parties</i>	92,568	67,007
– Jiangyin Golden Bridge Chemical Co., Ltd. (Note (a))	22,180	17,197
– Jiangyin Golden Bridge Trade Co., Ltd. (Note (b))	191	269
– Sinopec Chemical Sales Company Limited (Note (c))	70,197	49,535
– Wuhan Kangyang Petrochemical Co., Ltd. (Note (d))	–	6
<i>Interest expense charged by related parties</i>	–	6,435
Jiangyin Golden Bridge Chemical Co., Ltd. (Note (a))	–	5,676
Gu Wen Long	–	759

(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 Chief Executive Officer and Executive Director, 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 Chief Executive Officer and Executive Director, Mr Gu Wen Long.

(c) Sinopec Chemical Sales Company Limited is a joint venture partner of Jiangyin Foreversun Chemical Logistics Co., Ltd.

(d) Wuhan Kangyang Petrochemical Co., Ltd. is controlled by Jinqiao Chemical.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

24.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Financial assets measured at amortised cost				
Other receivables	29	15	-	-
Amount owing by a joint venture	203	196	6	6
Amount owing by a subsidiary	-	-	6,585	8,465
Cash and bank balances	23,105	37,410	1,226	3,844
	23,337	37,621	7,817	12,315
Financial liabilities measured at amortised cost				
Other payables	1,539	2,017	1,117	1,623
Lease liability	111	52	-	-
Amount owing to a subsidiary	-	-	32,263	31,100
	1,650	2,069	33,380	32,723

24.2 Financial risk management objectives and policies

The Group and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

24.2 Financial risk management objectives and policies (Continued)

There has been no change to the Group and the Company's exposures to these financial risks or the manner in which they manage and measure these risks. The Group and the Company do not hold or issue a derivative financial instrument for trading purpose or to hedge against fluctuation. The Group and the Company's exposure to financial risks associated with financial instruments held in the ordinary course of business includes:

(i) Foreign currency risk

Currency risk arises from transactions denominated in currencies other than the functional currency of the entities within the Group. The Group and the Company is primarily exposed to Singapore dollar ("SGD"). The Group and the Company does not use any derivative financial instruments to hedge these exposures.

The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year were as follows:

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Monetary assets				
Singapore dollar	1,342	2,001	525	638
Monetary liabilities				
Singapore dollar	(1,650)	(2,069)	(33,380)	(32,723)

The following table details the Group's and Company's sensitivity to a 5% (2022: 5%) change in SGD against RMB. The sensitivity analysis assumes an instantaneous 5% (2022: 5%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items denominated in SGD are included in the analysis.

	Increase/(Decrease) in Profit or Loss			
	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
SGD				
Strengthens against RMB	(15)	(3)	(1,643)	(1,604)
Weakens against RMB	15	3	1,643	1,604

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

24.2 Financial risk management objectives and policies (Continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to significant market interest rates risk.

(iii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

The Group's major classes of financial assets are cash and cash equivalents and amounts owed by related parties. The Company's major classes of financial assets are cash and cash equivalents and amounts owing by a subsidiary. As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position except for the financial guarantees issued by the Group for the borrowings of the joint venture as disclosed in Note 22 to the financial statements.

Amounts owing by a joint venture and a subsidiary

For amounts owing by a joint venture (Note 10) and a subsidiary (Note 11), Board of Directors has taken into account information available internally about these receivables' past, current and expected operating performance and cash flow position. Board of Directors monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amounts due from the related parties and a subsidiary, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the counterparties have sufficient liquid assets to repay their debts. Therefore, amount due from a joint venture and a subsidiary are subject to immaterial credit loss.

Cash and bank balances

Bank balances are mainly deposits placed with reputable banks with good credit ratings. The Company monitors the credit ratings of counterparties regularly. The bank balances are held with bank and financial institution counterparties, which rated between A1 to A3, based on Moody's Rating. Impairment of bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Company did not expect any credit losses from non-performance by the counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

24.2 Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Financial guarantee contracts

The Group has issued financial guarantees to certain lenders for borrowings of its joint venture as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
Corporate guarantees provided to bank for interest in a joint venture's banking facilities utilised as at the end of financial year	196,128	249,278

The Directors are of the view that the Jiangyin Group is able to pay its debts when they fall due because of availability of undrawn banking facilities available to Jiangyin Group and expected positive cash flow from operations in next financial year. Furthermore, Jiangyin Group's borrowings are secured over mortgages against fixed assets of Jiangyin Group. As at 31 December 2023, the carrying amount of Jiangyin Group's fixed assets are substantially higher than the carrying amount of the outstanding borrowings. Based on the Group's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

(iv) Liquidity risk

Liquidity risk is the risk that the Group the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group and the Company manage the liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

All financial liabilities of the Group and the Company mature within one year from the end of the financial year, except for non-current lease liability which will mature within three years. The carrying amount represents the contractual undiscounted cash flows except for lease liability as disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder's value.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital, other reserve and retained earnings. The Board reviews the capital structure on a regular basis. As part of this review, the Board considers the cost of capital and risks associated with each class of capital. Upon review, the Group will balance their overall capital structure through new share issues as well as issue of new debts or the redemption of existing debts. The Group's overall strategy remains unchanged from year 2023.

The Group and the Company are not subject to any externally imposed capital requirement.

26. AUTHORISATION OF FINANCIAL STATEMENTS

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 were authorised for issue in accordance with a Directors' resolution dated 2 April 2024.

STATISTICS OF SHAREHOLDINGS

AS AT 25 MARCH 2024

No. of Issued Shares	: 203,461,883
No. of Treasury Shares	: 0
No. of Subsidiary Holdings ⁽¹⁾	: 0
Percentage of Treasury Shares and Subsidiary Holdings ⁽²⁾	: 0.00%
Class of shares	: Ordinary shares
Voting Rights	: One vote per share

Notes:

(1) "Subsidiary Holdings" is defined in Section B: Rules of Catalyst of the SGX-ST Listing Manual ("Catalist Rules") to mean Issued Shares of the Company held by its subsidiary, as referred to in Section 21 of the Companies Act 1967.

(2) Percentage calculated against the total number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 – 99	133	45.55	2,124	0.00
100 – 1,000	45	15.41	24,668	0.01
1,001 – 10,000	50	17.12	194,836	0.10
10,001 – 1,000,000	51	17.47	7,010,275	3.44
1,000,001 AND ABOVE	13	4.45	196,229,980	96.45
TOTAL	292	100	203,461,883	100

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NUMBER OF SHARES	%
1	FOREVERSUN HOLDINGS CO., LTD	77,800,000	38.24
2	INTEGRATED LOGISTICS (HK) LTD	52,500,000	25.80
3	CITIBANK NOMINEES SINGAPORE PTE LTD	38,250,000	18.80
4	RAFFLES NOMINEES (PTE.) LIMITED	9,714,800	4.77
5	OCBC SECURITIES PRIVATE LIMITED	4,271,200	2.10
6	DBS NOMINEES (PRIVATE) LIMITED	3,109,580	1.53
7	LUAN YING	2,215,100	1.09
8	WANG WEIZHONG	1,750,000	0.86
9	LI YI	1,700,000	0.84
10	ABN AMRO CLEARING BANK N.V.	1,552,800	0.76
11	FU XINRONG	1,250,000	0.61
12	OIL TANKING ASIA PACIFIC PTE LTD	1,062,500	0.52
13	IFAST FINANCIAL PTE. LTD.	1,054,000	0.52
14	TAN THOO CHYE	955,500	0.47
15	JIANG JIAN	771,750	0.38
16	MAYBANK SECURITIES PTE. LTD.	607,195	0.30
17	DIONG TAI PEW	571,300	0.28
18	DIONG CHON LOI	484,600	0.24
19	CHOW CHIN YANN	396,250	0.19
20	LU ZHIYUN	308,000	0.15
	TOTAL	200,324,575	98.45

STATISTICS OF SHAREHOLDINGS

AS AT 25 MARCH 2024

Notes:

- (1) Foreversun Holdings Co., Ltd. is holding 36,300,000 shares of the Company through Citibank Nominees Singapore Pte Ltd.
- (2) Mr Xie Yu, a Non-Executive Director of the Company, is holding 1,950,000 shares of the Company through Citibank Nominees Singapore Pte Ltd.

Name of Substantial Shareholder	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Foreversun Holdings Co., Ltd. ⁽¹⁾	114,100,000	56.08	–	–
Integrated Logistics (H.K.) Ltd. ⁽²⁾	52,500,000	25.80	–	–
Gu Wen Long ⁽³⁾	–	–	114,100,000 ⁽³⁾	56.08

Notes:

- (1) Of the 114,100,000 shares of the Company in which Foreversun Holdings Co., Ltd. has an interest, 36,300,000 shares are held through Citibank Nominees Singapore Pte Ltd.
- (2) Mr Tee Tuan Sem, the Vice Chairman and Executive Director of the Company, is the Non-Independent Non-Executive Director of ILB Group Berhad (“**ILB**”), a logistics company listed on Bursa Malaysia. ILB has a 70% indirect effective equity interest in Integrated Logistics (H.K.) Ltd. (“**ILHK**”). ILHK is an investment holding company, incorporated in Hong Kong, with investments in logistics businesses in the People’s Republic of China. 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 Mong Man-Wai. Mr David Mong Tak-yeung is not related to any of the Directors.
- (3) Mr Gu Wen Long owns the entire 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. by virtue of Section 7 of the Companies Act.

Rule 723 of the Catalyst Rules

Based on the above information and to the best knowledge of the Directors and Substantial Shareholders of the Company, 17.16% of the issued shares of the Company are held by the public. Rule 723 of the Catalyst Rules of the SGX-ST is complied with.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hengyang Petrochemical Logistics Limited (the “**Company**”) will be held at **Cantonment Room, M Hotel Singapore, 81 Anson Road, Singapore 079908** on **Thursday, 18 April 2024** at **10.00 a.m.** for the following purposes:

AS ORDINARY BUSINESS

To consider and, if deemed fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023, together with the Directors’ Statement and Report of the Auditors thereon.
(Resolution 1)
2. To re-elect Mr Tee Tuan Sem being a Director who retires pursuant to Regulation 91 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.
[Explanatory Note (1)] **(Resolution 2)**
3. To re-elect Mr Xie Yu being a Director who retires pursuant to Regulation 91 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.
[Explanatory Note (2)] **(Resolution 3)**
4. To re-elect Mr Loy Boon Huat being a Director who retires pursuant to Regulation 97 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.
[Explanatory Note (3)] **(Resolution 4)**
5. To re-elect Mr Khaw Shee Kai being a Director who retires pursuant to Regulation 97 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.
[Explanatory Note (4)] **(Resolution 5)**
6. To approve the payment of Directors’ Fees of S\$138,075 for the financial year ending 31 December 2024.
[Explanatory Note (5)] **(Resolution 6)**
7. To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors of the Company to fix their remuneration.
(Resolution 7)

AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. SHARE ISSUE MANDATE

THAT pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

- I. (a) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (b) make or grant offers, agreements or options (collectively, “**Instruments**”) that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF THE ANNUAL GENERAL MEETING

- II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance to any Instruments made or granted by the Directors while this Resolution was in force, provided that:
- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred percent (100%) of the total number of the issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
 - (b) (subject to such calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the issued share capital shall be calculated based on the total number of the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of the Instruments;
 - (ii) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidated or subdivision of shares;
 - (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
 - (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[Explanatory Note (6)]

(Resolution 8)

NOTICE OF THE ANNUAL GENERAL MEETING

9. SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

THAT approval be and is hereby given:

- (1) for the purpose of Chapter 9 of the Catalist Rules, for the Company and any of its subsidiaries and associated companies that is deemed an entity at risk as defined in Chapter 9 of the Catalist Rules, to enter into any of the transactions falling within the types of Interested Person Transactions, as set out in the Appendix to the Annual Report for the financial year ended 31 December 2023 (the "**Appendix**") with any party who is of the class of the Interested Persons described in the Appendix provided that such transactions are carried out in the ordinary course of business, on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");
- (2) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by laws to be held, whichever is the earlier; and
- (3) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution. **[Explanatory Note (7)]**

(Resolution 9)

10. To transact any other ordinary business that may properly be transacted at an annual general meeting.

By Order of the Board

Yap Lian Seng and Dr Qiu Yang
Joint Company Secretaries

Singapore, 3 April 2024

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

- (1) **Resolution 2** – Mr Tee Tuan Sem, if re-elected, will remain as the Executive Vice Chairman of the Board of Directors of the Company.

Detailed information on Mr Tee Tuan Sem (including information as set out in Appendix 7F of the Catalist Rules) can be found under “Board of Directors” and “Additional Information on Directors Seeking Election/Re-election and Continued Appointment” of the Company’s Annual Report.
- (2) **Resolution 3** – Mr Xie Yu, if re-elected, will remain as a Non-Executive Director of the Company, member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company respectively. Mr Xie Yu is considered not independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information on Mr Xie Yu (including information as set out in Appendix 7F of the Catalist Rules) can be found under “Board of Directors” and “Additional Information on Directors Seeking Election/Re-election and Continued Appointment” of the Company’s Annual Report.
- (3) **Resolution 4** – Mr Loy Boon Huat, if re-elected, will remain as the Non-Executive Independent Chairman of the Board, Chairman of the Nominating Committee and Remuneration Committee, and member of the Audit Committee of the Company and is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mr Loy Boon Huat (including information as set out in Appendix 7F of the Catalist Rules) can be found under “Board of Directors” and “Additional Information on Directors Seeking Election/Re-election and Continued Appointment” of the Company’s Annual Report.
- (4) **Resolution 5** – Mr Khaw Shee Kai, if re-elected, will remain as Non-Executive and Lead Independent Director of the Company, Chairman of the Audit Committee, and member of the Nominating Committee and Remuneration Committee and is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mr Khaw Shee Kai (including information as set out in Appendix 7F of the Catalist Rules) can be found under “Board of Directors” and “Additional Information on Directors Seeking Election/Re-election and Continued Appointment” of the Company’s Annual Report.
- (5) **Resolution 6** – Is to facilitate payment of Directors’ fees during the financial year in which the fees are incurred. The aggregate amount of Directors’ fees provided in the Resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2024 (“**FY2024**”). Should any Director hold office for only part of FY2024 and not the whole of FY2024, the Director’s fee payable to him will be appropriately pro-rated.
- (6) **Resolution 8** – Is to empower the Directors to issue shares and/or Instruments (as defined above) in the capital of the Company. The aggregate number of shares to be issued pursuant to Resolution 8 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 50% for shares issued other than on a pro-rata basis to shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to the said Resolution). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the total number of issued shares (excluding treasury shares) at the time of the passing of Resolution 8, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments; (ii) new shares arising from exercising share options or vesting share awards outstanding or subsisting at the time of passing of this Resolution provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (7) **Resolution 9** – For further details, please refer to the Appendix.

NOTES:

GENERAL

1. The Annual General Meeting (“**AGM**”) will be held, in a wholly physical format, at **Cantonment Room, M Hotel Singapore, 81 Anson Road, Singapore 079908** on **18 April 2024** at **10.00 a.m.** There will be no option for shareholders to participate virtually.
2. Shareholders, including Central Provident Fund (“**CPF**”) and Supplementary Retirement Scheme (“**SRS**”) Investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the AGM by attending the AGM in person.
3. The Notice of AGM, Proxy Form, Request Form (to request for printed copy of the Annual Report including its Appendix) and the Annual Report (including the Appendix) will be sent to members via publication on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of AGM, Proxy Form and Request Form will also be sent by post to members. Members who wish to receive a printed copy of the Annual Report (including the Appendix) are required to complete the Request Form and email it to srs.requestform@boardroomlimited.com, or post it to the share registrar of the Company at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632 by 9 April 2024.

NOTICE OF THE ANNUAL GENERAL MEETING

APPOINTMENT OF PROXIES

4. (a) A member (who is not a relevant intermediary) of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one (1) or two (2) proxies to attend, speak and vote in his stead. Where such member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (b) A member (who is a relevant intermediary) of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend, speak and vote in his stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless such member specifies the number and class of shares in relation to which each proxy has been appointed in the Proxy Form.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

5. A proxy need not be a member of the Company.
6. A member can appoint Chairman of the Meeting as his/her/its proxy, but this is **not mandatory**.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstain from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to the voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the Meeting will vote or abstain from voting at his discretion.

7. In appointing such other person(s) as proxy, if no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
8. The Proxy Form must be signed by the appointor or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967. 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 (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. The duly executed Proxy Form (together with the letter or power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority, failing previous registration with the Company) must be submitted:
 - (a) personally or by post to the office of the Share Registrar of the Company (Boardroom Corporate & Advisory Services Pte. Ltd.) at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632, or
 - (b) via email to the email of the Company's Share Registrar at srs.proxy@boardroomlimited.com.

in either case, by **10.00 a.m. on 16 April 2023**, being forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default of which the Proxy Form shall not be treated as valid.

10. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF/SRS Investors, who wish to exercise their votes by appointing a proxy should approach their respective relevant intermediaries (which would include, in the case of CPF Investors and SRS Investors, CPF Agent Banks and SRS Operators) through which they hold such shares in order to submit their voting instructions at least seven (7) working days before the AGM (i.e. by **10.00 a.m. on Tuesday, 9 April 2024**).
11. 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 member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF THE ANNUAL GENERAL MEETING

SUBMISSION OF QUESTIONS

12. Shareholders, or where applicable, their appointed proxy(ies), may submit substantial and relevant questions related to the Resolutions to be tabled for approval at the AGM in advance of the AGM:
- (a) personally or by post to the office of the Share Registrar of the Company (Boardroom Corporate & Advisory Services Pte. Ltd.) at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632; or
 - (b) via email to the Company's email address at hengyang.sg@hyplc.com.

When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder's full name; (ii) the shareholder's email address; (iii) NRIC/Passport/UEN number; and (iv) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF/SRS and/or physical scrip), for verification purposes.

All questions submitted in advance must be received by **10.00 a.m. on 10 April 2024**.

13. All substantial and relevant questions received by the Company from the Shareholders (including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives) prior to the deadline of **10.00 a.m. on 10 April 2024** 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 16 April 2024**. Substantial and relevant questions which are submitted after **10.00 a.m. on 10 April 2024** will be consolidated and addressed either before the AGM via an announcement on SGXNet or at the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
14. Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives can also ask the Chairman of the Meeting substantial and relevant questions related to the Resolutions to be tabled for approval at the AGM, at the AGM itself.

VOTING RESULTS

15. An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast and through Proxy Forms received as of the above-mentioned deadline. The voting results will be announced during the AGM in respect of the Resolutions put to the vote at the AGM. The Company will also issue an announcement on SGXNet on the results of the Resolutions put to vote at the AGM.

MINUTES

16. Minutes of the AGM will be provided within one (1) month after the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof); and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member 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 or service providers) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This document has been reviewed by the Company's Sponsor, Xandar Capital Pte Ltd ("**Sponsor**") for compliance with the relevant rules of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.*

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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION/ RE-ELECTION AT THE ANNUAL GENERAL MEETING

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 91 OF THE CONSTITUTION OF THE COMPANY

	TEE TUAN SEM	XIE YU
Age	72	58
Date of first appointment	15 August 2008	19 November 2008
Job title	Executive Vice Chairman	Non-Executive Director Member of the Audit Committee, Nominating Committee and Remuneration Committee
Date of last re-election as Director (if applicable)	28 April 2022	26 April 2023
Country of principal residence	Malaysia	China
The Board's comments on the re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The NC and the Board reviewed the nomination of Mr Tee Tuan Sem ("Mr Tee") and Mr Xie Yu ("Mr Xie") for re-election at the AGM. When considering the nomination of Mr Tee and Mr Xie, the NC and the Board took into account <i>inter alia</i>, their contribution to the Company over the years, their extensive knowledge, experience, skills set and core competencies, as well as their overall contribution to the effectiveness of the Board, which includes their time commitment, participation and candour at Board and Board Committee meetings, despite their multiple board representations and/or other principal commitments. The NC and the Board have also considered the diversity of the Board brought about by the participation of Mr Tee and Mr Xie.</p> <p>In view of the above, the NC and the Board recommend the re-election of Mr Tee and Mr Xie as Executive Vice Chairman and Non-Executive Director of the Company respectively.</p>	
Whether appointment is executive, and if so, the area of responsibility	<p>Executive</p> <p>In charge of the Group's corporate and investment strategic developments.</p>	Non-Executive
Professional qualifications	For information on the professional qualification of Mr Tee, please refer to the section on "Board of Directors" of the Annual Report.	For information on the professional qualification of Mr Xie, please refer to the section on "Board of Directors" of the Annual Report.
Relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company of its principal subsidiaries	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION/ RE-ELECTION AT THE ANNUAL GENERAL MEETING

	TEE TUAN SEM	XIE YU
Conflict of interests (including any competing business)	Nil	Nil
Working experience and occupation(s) during the past 10 years	For information on the working experience and occupation(s) of Mr Tee, please refer to the section on “Board of Directors” of the Annual Report.	For information on the working experience and occupation(s) of Mr Xie, please refer to the section on “Board of Directors” of the Annual Report.
Undertaking submitted to the Company in the form of Appendix 7H of Catalist Rule 704(6)	Yes	Yes
Shareholding interest in the Company and its subsidiaries	Nil	1,950,000 shares
Other principal commitments including directorships	<p><u>Past Directorships (for the last 5 years)</u> Nil</p> <p><u>Present Directorships</u> ILB Group Berhad (formerly known as Integrated Logistics Berhad)</p> <p><u>Present Principal Commitments</u> Integrated Group Berhad (Non-Independent Non-Executive Director)</p>	<p><u>Past Directorships (for the last 5 years)</u> Shenzhen Runwave Investment Co., Ltd</p> <p><u>Present Directorships</u> Jiangsu Fuyou Technology Co., Ltd Nanjing Haofu New Material Co., Ltd Nanjing Hongdao New Energy Technology Co., Ltd. Jadestone Development Ltd.</p> <p><u>Present Principal Commitments</u> Ningbo Furun Sanhe Partnership (General Partner) Ningbo Runhao Investment Partnership (General Partner)</p>
Responses to questions (a) to (k) under Appendix 7F of the Catalist Rules	Negative confirmation	Negative confirmation

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION/ RE-ELECTION AT THE ANNUAL GENERAL MEETING

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 97 OF THE CONSTITUTION OF THE COMPANY

	LOY BOON HUAT	KHAW SHEE KAI
Age	66	41
Date of first appointment	19 December 2023	19 December 2023
Job title	Non-Executive Independent Chairman Chairman of the Nominating Committee and Remuneration Committee, and Member of the Audit Committee	Lead Independent Director Chairman of the Audit Committee, and Member of the Nominating Committee and Remuneration Committee
Date of last re-election as Director (if applicable)	Nil	Nil
Country of principal residence	Singapore	Singapore
The Board's comments on the re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The NC and the Board reviewed the nomination of Mr Loy Boon Huat (“Mr Loy”) and Mr Khaw Shee Kai (“Mr Khaw”) for re-election at the AGM. When considering the nomination of Mr Loy and Mr Khaw, the NC and the Board took into account <i>inter alia</i>, their qualifications, their extensive knowledge, experience, core competencies and skills set. The NC and the Board have also considered the level of independence and diversity of the Board brought about by the participation of Mr Loy and Mr Khaw.</p> <p>In view of the above, the NC and the Board recommend the re-election of Mr Loy and Mr Khaw as Non-Executive Independent Chairman and Lead Independent Director of the Company respectively.</p>	
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Professional qualifications	For information on the professional qualification of Mr Loy, please refer to the section on “Board of Directors” of the Annual Report.	For information on the professional qualification of Mr Khaw, please refer to the section on “Board of Directors” of the Annual Report.
Relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company of its principal subsidiaries	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION/ RE-ELECTION AT THE ANNUAL GENERAL MEETING

	LOY BOON HUAT	KHAW SHEE KAI
Working experience and occupation(s) during the past 10 years	For information on the working experience and occupation(s) of Mr Loy, please refer to the section on “Board of Directors” of the Annual Report.	For information on the working experience and occupation(s) of Mr Khaw, please refer to the section on “Board of Directors” of the Annual Report.
Undertaking submitted to the Company in the form of Appendix 7H of Catalist Rule 704(6)	Yes	Yes
Shareholding interest in the Company and its subsidiaries	Nil	Nil
Other principal commitments including directorships	<p>Past Directorships (for the last 5 years) Nil</p> <p><u>Present Directorships</u> Waminc Services Pte. Ltd.</p> <p><u>Present Principal Commitments</u> Dovechem Industries Pte. Ltd. (General Manager)</p>	<p>Past Directorships (for the last 5 years) Nil</p> <p><u>Present Directorships</u> Milkyway International Tank Transportation Shared Services Sdn Bhd. YQ Holdings Sdn Bhd Chemist Mart Pte. Ltd.</p> <p><u>Present Principal Commitments</u> Nil</p>
Responses to questions (a) to (k) under Appendix 7F of the Catalist Rules	Negative confirmation	Negative confirmation

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HENGYANG PETROCHEMICAL LOGISTICS LIMITED(Incorporated in the Republic of Singapore)
(Registration No. 200807923K)**PROXY FORM – ANNUAL GENERAL MEETING****IMPORTANT:**

- The FY2023 Annual General Meeting (“AGM”) will be held, in a wholly physical format, at **Cantonment Room, M Hotel Singapore, 81 Anson Road, Singapore 079908** on **Thursday, 18 April 2024 at 10.00 a.m.**
- Relevant Intermediaries (as defined in Section 181 of the Companies Act 1967), may appoint more than two proxies to attend and vote at the AGM.
- Shareholders who wish to exercise their voting rights at the AGM may:
 - (where the Shareholder is an individual) attend and vote at the AGM;
 - (where the Shareholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the AGM) to attend and vote at the AGM on their behalf; and
 - (where the Shareholder is an individual or a corporate) appoint the Chairman of the AGM as proxy to vote on their behalf.
- For investors holding shares of Hengyang Petrochemical Logistics Limited through Relevant Intermediaries (as defined in Section 181 of the Companies Act 1967), 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 AGM (i.e., by **Tuesday, 9 April 2024 at 10.00 a.m.**).

I/We*, _____ (name) _____ (NRIC/Passport/UEN)*

of _____ (address)
being a member/members of **HENGYANG PETROCHEMICAL LOGISTICS LIMITED** (the “Company”), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing whom, the Chairman of the Annual General Meeting, as my/our* proxy to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at **Cantonment Room, M Hotel Singapore, 81 Anson Road, Singapore 079908** on **Thursday, 18 April 2024 at 10.00 a.m.** 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 AGM as indicated hereunder.

(Please indicate with an “X” in the spaces provided if you wish your proxy/proxy(ies) to exercise all your votes “For” or “Against” or “Abstain” from voting on the resolutions as set out in the Notice of AGM. 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. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.)

ORDINARY RESOLUTIONS				
ORDINARY BUSINESS		For	Against	Abstain
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023, together with the Directors’ Statement and Report of the Auditors thereon.			
Resolution 2	To re-elect Mr Tee Tuan Sem being a Director who retires pursuant to Regulation 91 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.			
Resolution 3	To re-elect Mr Xie Yu being a Director who retires pursuant to Regulation 91 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.			
Resolution 4	To re-elect Mr Loy Boon Huat being a Director who retires pursuant to Regulation 97 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.			
Resolution 5	To re-elect Mr Khaw Shee Kai being a Director who retires pursuant to Regulation 97 of the Constitution of the Company, and who, being eligible, is offering himself for re-election.			
Resolution 6	To approve the payment of Directors’ Fees of S\$138,075 for the financial year ending 31 December 2024.			
Resolution 7	To re-appoint Messrs BDO LLP as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors of the Company to fix their remuneration.			
SPECIAL BUSINESS				
Resolution 8	To approve and adopt the Share Issue Mandate.			
Resolution 9	To approve and adopt the Shareholders’ Mandate for Interested Person Transactions.			

Dated this _____ day of _____ 2024

Total Number of Shares held in:	
CDP Register	
Register of Members	

Signature(s) of member(s) or Common Seal

* delete as appropriate

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

NOTES:

1. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. 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 resolutions. If no specific direction as to voting is given, the proxy (including the Chairman of the AGM) will vote or abstain from voting at his/her discretion.
3. 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 AGM shall be null and void and such proxy shall not be entitled to vote at the AGM. 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.

“Relevant intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

4. A Shareholder who is a Relevant Intermediary may appoint more than two (2) proxies to attend and vote at the AGM, 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.
5. The instrument appointing a proxy:
 - a) If sent personally or by post, must be deposited at the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - b) If submitted by electronic means, must be sent by email to srs.proxy@boardroomlimited.com

in either case, to be received by **10.00 a.m.** on **16 April 2024**, being forty-eight (48) hours before the time appointed for holding of the AGM (or at any adjournment thereof).

A member who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **Members are strongly encouraged to submit completed proxy forms electronically via email.**

The proxy form for the AGM may also be accessed at the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

6. The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation.
7. Where the instrument appointing a proxy is signed 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, failing which the instrument may be treated as invalid.
8. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.
9. Completion and return of this proxy form shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

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 of proxy lodged if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding of the Annual General Meeting (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 April 2024.

恒阳

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

Principal place of business:

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New Harbor City, Jiangyin,
Jiangsu Province, PRC 214446

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Email: contact@hyplc.com