恒阳

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER ("9M") 2021

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

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

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

On 1 September 2021, Hengyang Petrochemical Logistics Limited (the "**Company**") announced that CITIC Port Investment Co., Ltd. ("**CITIC Port**") has completed the disposal of its 49% equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. ("**China Holdco**") to Sinopec Chemical Sales Company Limited ("**Sinopec Chemical**"). In the same announcement, the Company announced that its wholly-owned subsidiary, Hengyang Holding Pte Ltd ("**HHPL**") had entered into a transfer agreement with CITIC Port on the same date, to transfer 2% equity interest in China Holdco from HHPL to CITIC Port (the "**Transfer**"). Upon the completion of the Transfer, the shareholders of China Holdco will be HHPL (49%), Sinopec Chemical (49%) and CITIC Port (2%).

As at 30 September 2021, the documentation in relation to the Transfer has been filed with the relevant authorities in the People's Republic of China. Accordingly, the financial statements presented herein have been prepared using the equity method of accounting in respect of the 49% interest in China Holdco held by the Company and its subsidiaries (collectively, the "**Group**") and such interest has been accounted for as an investment under "*Investment in Joint Venture*" on the Group's balance sheets.

Shareholders should note that the Group's interest in China Holdco represents its entire business and operations in the People's Republic of China (the "**PRC**"). Where appropriate, certain financial information relating to China Holdco and its subsidiaries (the "**China Holdco Group**") has been included herein purely for the purpose of understanding the underlying financial performance of the Group.

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

		Group		
		9M2021	9M2020	%
RMB'000	Note	(Unaudited)	(Unaudited)	(+/-)
Other income	N6.1	496	5,730	(91.3)
Administrative and other expenses		(2,610)	(2,839)	(8.1)
Interest expense	N8	(4)	(1)	300.0
Share of result of joint venture	N7	2,445	(26,519)	nm
Loss on partial disposal of joint venture	8	(18,736)	-	nm
Loss before tax	N6	**(18,409)**	**(23,629)**	**(22.1)**
Income tax expense		-	-	-
Net loss for the financial period		**(18,409)**	**(23,629)**	**(22.1)**
Loss attributable to:				
Owners of the parent		(18,409)	(15,361)	19.8
Non-controlling interests (1)		-	(8,268)	nm

		Group		
		9M2021	9M2020	%
RMB'000	Note	(Unaudited)	(Unaudited)	(+/-)
		(18,409)	**(23,629)**	**(22.1)**
Total comprehensive income/(loss) attributable to:				
Owners of the parent		(18,409)	(15,361)	19.8
Non-controlling interests (1)		-	(8,268)	nm
		(18,409)	**(23,629)**	**22.1**
Loss per Share ("LPS") (RMB cents):				
Basic	6	**-9.05**	**-7.55**	
Diluted	6	**-9.05**	**-7.55**	

Notes:

(1) Following the completion of the acquisition of the remaining 35% of the issued and paid-up share capital of HHPL not already owned by the company on 15 October 2020, HHPL has become a wholly-owned subsidiary of the Company. The loss attributable to non-controlling interests of RMB8.26 million in 9M2020 relates to the losses attributable to the non-controlling interest in HHPL prior to completion of the HHPL Acquisition.

(2) "nm" denotes not meaningful.

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year: (A) Investment income; (B) Other income including interest income; (C) Interest on borrowings; (D) Depreciation and amortisation; (E) Allowance for doubtful debts and bad debts written off; (F) Write-off for stock obsolescence; (G) Impairment in value of investments; (H) Foreign exchange gain/loss (where applicable); (I) Adjustments for under or overprovision of tax in respect of prior years; and (J) Profit or loss on sale of investments, properties, and/or plant and equipment

Please refer to N6.

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

Condensed interim statements of financial position

		Group		Company	
		30.09.2021	31.12.2020	30.09.2021	31.12.2020
RMB'000	Note	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Non-current assets					
Investments in subsidiaries		-	-	303,472	303,472
Investment in joint venture	N7	517,131	533,422	-	-
Right of use asset		113	151	-	-
		517,244	533,573	303,472	303,472
Current assets					
Other receivables		54	64	-	10
Interest income receivable		50	48	10	-
Amount owing by related parties		181	187	6	6
Amount owing by subsidiaries		-	-	9,248	11,158
Cash and cash equivalents		41,527	44,823	6,541	7,888
		41,812	45,122	15,805	19,062
Less:					
Current liabilities					
Other payables		447	1,233	251	761
Amount owing to directors		354	724	354	724
Amount owing to a subsidiary		-	-	28,580	29,588
Current income tax payable		59	97	59	97
Lease Liability	N8	41	49	-	-
		901	2,103	29,244	31,170
Net current assets/liabilities		40,911	43,019	(13,439)	(12,108)
Less:					
Non-current liability					
Lease Liability	N8	74	102	-	-
Net assets		558,081	576,490	290,033	291,364
Equity					
Share capital	1(d)(i)	289,064	289,064	289,064	289,064
Other reserve		83,004	83,004	-	-
Retained earnings		186,013	204,422	969	2,300
Equity attributable to owners of the parent		558,081	576,490	290,033	291,364
Total equity [this row can be removed?]		558,081	576,490	290,033	291,364

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

Amount repayable in one year or less, or on demand

As at 30 September 2021		As at 31 December 2020	
Secured RMB'000	**Unsecured RMB'000**	**Secured RMB'000**	**Unsecured RMB'000**
-	-	-	-

Amount repayable after one year

As at 30 September 2021		As at 31 December 2020	
Secured RMB'000	**Unsecured RMB'000**	**Secured RMB'000**	**Unsecured RMB'000**
-	-	-	-

Details of any collateral

Nil

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

Contingent liabilities

The Company's independent auditor, BDO LLP, had previously reported an emphasis of matter in respect of contingent liabilities in relation to the Group's audited financial statements for the financial year ended 31 December 2020 (the "**Audited Financial Statements**"). Please refer to Note 24 of the Audited Financial Statements for details.

As at 30 September 2021, the Group and its joint venture partners had given guarantees amounting up to RMB890,026,500 (31/12/2020: RMB890,026,500) to certain lenders in respect of borrowings of the China Holdco Group.

At 30 September 2021, the total amount of borrowings covered by the guarantees is RMB729,356,100 (31/12/2020: RMB675,138,000). Such financial guarantees require the Group to reimburse the lenders if the China Holdco Group fails to make principal or interest repayments when due in accordance with the terms of the respective borrowings.

As at 30 September 2021, the current liabilities of the China Holdco Group exceeded its current assets by RMB1,074,097,563. The China Holdco Group has RMB1,168,710,000 of borrowings which are due for repayment within the next 12 months from the reporting date, of which RMB575,642,100 were guaranteed by the Group.

There was no default or non-repayment since the inception of these borrowings. The Company's directors are confident that the outcome of negotiations with the lenders in relation to the borrowings will be favourable and additional conditions, if any, will be fulfilled to avoid any breach of covenants of the borrowings. Furthermore, China Holdco Group's borrowings are secured over mortgages against fixed assets of China Holdco Group. As at 30 September 2021, the carrying amount of the China Holdco Group's fixed assets are substantially larger than the carrying amount of the outstanding borrowings. In addition, China Holdco Group reported profit for 9M2021. Based on the Company's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

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

Condensed interim consolidated statement of cash flows

		Group	
RMB'000	Note	9M2021 (Unaudited)	9M2020 (Unaudited)
Operating activities			
Loss before tax	N6	(18,409)	(23,629)
Adjustments for:			
Amortisation of right of use assets		38	40
Share of result of joint venture		(-2,445)	26,519
Loss on partial disposal of joint veture		18,736	
Interest income		(496)	(1,364)
Derecognition of financial instrument		-	(4,366)
Interest expense		4	1
Operating cash flows before working capital changes		(2,572)	(2,799)
Other receivables (including related parties)		14	7
Other payables (including directors and related parties)		(1,194)	(939)
Cash used in operations		(3,752)	(3,731)
Net cash used in operating activities		(3,752)	(3,731)
Investing activities			
Interest received		496	1,364
Net cash generated from investing activities		496	1,364
Financing activities			
Principal element of lease payments		(36)	(38)
Interest expense		(4)	(1)
Net cash used in financing activities		(40)	(39)
Net change in cash and cash equivalents		(3,296)	(2,406)
Cash and cash equivalents at the beginning of the financial period		44,823	84,845
Cash and cash equivalents at end of the financial period		41,527	82,439

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

Condensed Interim Statement of Changes in Equity

The Company

RMB'000	Share capital	Retained earnings	Total equity
(Unaudited)			
Balance as at 1 January 2021	**289,064**	**2,300**	**291,364**
Total comprehensive loss for the period	-	(1,331)	(1,331)
Balance as at 30 September 2021	**289,064**	**969**	**290,033**
(Unaudited)			
Balance as at 1 January 2020	**289,064**	**4,158**	**293,222**
Total comprehensive loss for the period	-	(16)	(16)
Balance as at 30 September 2020	**289,064**	**4,142**	**293,206**

The Group

	Attributable to owners of the Company					
RMB'000	Share capital	Other reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling Interests	Total equity
(Unaudited)						
Balance as at 1 January 2021	**289,064**	**83,004**	**204,422**	**576,490**	**-**	**576,490**
Total comprehensive income for the period	-	-	(18,409)	(18,409)	-	(18,409)
Balance as at 30 September 2021	**289,064**	**83,004**	**186,013**	**558,081**	**-**	**558,081**
(Unaudited)						
Balance as at 1 January 2020	**289,064**	**83,004**	**36,840**	**408,908**	**206,317**	**615,225**
Total comprehensive loss for the period	-	-	(15,361)	(15,361)	(8,268)	(23,629)
Balance as at 30 September 2020	**289,064**	**83,004**	**21,479**	**393,547**	**198,049**	**591,596**

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

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles, treasury shares or subsidiary holdings held as at 30 September 2020 and 30 September 2021.

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

	30.09.2021	31.12.2020
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company did not have any treasury shares as at 30 September 2021 and 31 December 2020.

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

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

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

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

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

N1. General Corporate information

Hengyang Petrochemical Logistics Limited (the "**Company**") is a public limited liability company, incorporated and domiciled in Singapore with its registered office located at 8 Robinson Road, #13-00 ASO Building, Singapore 048544.

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 Catalist Board of the SGX-ST.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

N2. Basis of Preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2020 ("**FY2020**").

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

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

N2.1 New and amended standards adopted by the Group

The following new SFRS(I), amendments to and SFRS(I) interpretations are relevant to the Group for the current reporting period:

		Effective date (annual periods beginning on or after)
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, and SFRS(I) 16 (Amendments)	*: Interest Rate Benchmark Reform-Phase 2*	1 January 2021
Amendment to SFRS(I) 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the above standard.

N2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

Critical judgements made in applying the accounting policies

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

Joint control

As at 30 September 2021 the documentation in relation to the Transfer of 2% shareholding in the joint venture has been filed with the relevant authorities in the People's Republic of China. Accordingly, for purposes of this results announcement, the Group (through HHPL), Sinopec Chemical Sales Company Limited ("**Sinopec Chemical**") and CITIC Port Investment Co., Ltd ("**CITIC Port**") will be deemed to hold 49%, 49% and 2% of the equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd ("**China Holdco**") as at 30 September 2021.

Management has carried out an assessment to determine whether the Group continues to have control over China Holdco. The assessment included review of unanimous consent from the three joint venture partners for reserved matters and relevant activities which will significantly affect the

returns of the joint venture. Accordingly, the Company concluded that it is appropriate to classify China Holdco as a joint venture of the Company (N7).

Key sources of estimation uncertainty

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

Impairment of investment in joint venture

The Group had carried out a review of the investment in joint venture for the financial year ended 31 December 2020. For 9M2021, there is no indicator that suggests impairment on the investment in joint venture has occurred. Accordingly, the Group's management regard that it is not necessary to carry out a review of the investment in joint venture for the interim financial period. The share of result of joint venture for 9M2021 was RMB2,445,000 (9M2020: RMB26,519,000 loss).

N3. Seasonal operations

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

N4. Segment and revenue information

The Group has only one reportable operating segment, which is the investment holding segment relating to the Group's investment in 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.

N5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 December 2020:

		Group	
RMB'000	Note	**30-Sep-2021**	**31-Dec-2020**
Financial assets			
Other receivables		54	64
Interest income receivable		50	48
Amount owing by related parties		181	187
Amount owing by subsidiaries		-	-
Cash and cash equivalents		41,527	44,823
Financial liabilities			
Other payables		447	1,233
Amount owing to directors		354	724
Amount owing to a subsidiary		-	-
Lease liability		41	49

N6. Loss before tax

N6.1 Significant items

	Group	
RMB'000	**9M2021**	**9M2020**
Other income		
Interest income from bank deposits	478	1,235
Government grant	18	129
Derecognition of derivative financial instrument	-	4,366
	496	5,730
Expenses		
Amortisation of right-of-use asset	38	40
Professional fees	388	427
Employee benefit costs (inclusive of directors' fees)	1,866	1,954

N6.2. Related party transactions

During 9M2021, in addition to the information disclosed elsewhere in these interim financial statements, the Group's joint venture entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
RMB'000	**9M2021**	**9M2020**
By joint venture		
Sales to related parties	34,088	6,419
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	34,088	8,806
– Jiangyin Golden Bridge Trade Co., Ltd. (b)	2,659	-
Purchase from a related party		
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	-	-
Interest expense charged by related parties	4,326	4,340
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	3,762	3,764
– Gu Wen Long	564	576

Notes:

(a) Jiangyin Golden Bridge Chemical Co., Ltd ("**Jinqiao Chemical**") is a company established and wholly-owned by Ms Sun Fang, the spouse of the Company's Chairman and Chief Executive Officer, Mr Gu Wen Long.

(b) Jiangyin Golden Bridge Trade Co., Ltd. ("**Jinqiao Trade**") is a company established and controlled by Ms Sun Fang, the spouse of the Company's Chairman and Chief Executive Officer, Mr Gu Wen Long.

N7. Investment in joint venture

	Group	
RMB'000	**30-Sep-2021**	**31-Dec-2020**
Unquoted equity investment, at cost	617,100	617,100
Share of results of joint venture, net of tax	(81,233)	(83,678)
Transfer of 2% shareholding in joint venture	(18,736)	-
	517,131	533,422

The details of the joint venture are as follows:

Name of company (Principal place of business)	Principal activities	Effective equity interest held by the Group	
		30 September 2021	31 December 2020
		%	%
Held by Hengyang Holding Pte. Ltd.			
Jiangyin Foreversun Chemical Logistics Co., Ltd. (PRC)	Storage, dispatch, drumming and land transportation of liquid petrochemical products and management of ports terminal	49	51

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

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

N7.1 Impairment assessment of investment in a joint venture

As the China Holdco Group recorded a turnaround profit for 9M2021 from a loss in 9M2020, the Group's management is of the view that no impairment assessment on the Group's investment in China Holdco was required for the interim financial period.

N7.2 Significant restrictions

As at 30 September 2021, cash and bank balances of approximately RMB37,024,000 (31 December 2020: RMB85,304,000) held by the joint venture in the PRC are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends.

N7.3 Summarised financial information

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

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

	China Holdco Group	
RMB'000	**30-Sep-2021**	**31-Dec-2020**
Current assets	281,880	308,255
Non-current assets	2,454,580	2,404,257
Current liabilities	(1,355,978)	(1,302,314)
Non-current liabilities	(443,681)	(473,550)

The above amounts of assets and liabilities include the following:

	China Holdco Group	
RMB'000	**30-Sep-2021**	**31-Dec-2020**
Cash and cash equivalents	37,024	85,304
Current financial liabilities (excluding trade and other payables and current income tax payable)	(1,250,104)	(1,149,350)
Non-current financial liabilities (excluding trade and other payables and current income tax payable)	(412,824)	(442,695)

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

RMB'000	**9M2021 (Unaudited)**	**9M2020 (Unaudited)**	**Increase/ (Decrease)**	**% (+/-)**
Revenue[1][2]	**340,808**	**176,833**	**163,975**	**92.7**
Cost of sales[2][3]	(241,015)	(164,523)	76,492	**46.5**
Gross profit[4]	**99,793**	**12,310**	**87,483**	**710.7**
Other income[5]	5,616	4,536	1,080	23.8
Administrative and other expenses[6]	(47,961)	(38,436)	9,525	24.8
Finance costs[7]	(48,089)	(26,532)	21,557	81.2
Profit/(loss) before tax from continuing operation	9,359	(48,122)	(57,481)	nm[11]
Income tax expense	(1,121)	(2,826)	(1,705)	-60.3
Profit/(loss) from continuing operation	8,238	(50,948)	(59,186)	nm
Profit/(loss) from discontinued operation, net of tax[8]	29	1,417	1,388	-98.0
Profit(Loss) for the financial period	**8,267**	**(49,531)**	**57,798**	**nm**
Non-controlling interest	287	(721)	1,008	nm
Owners of China Holdco	**7,980**	**(48,810)**	**56,790**	nm
Share proportion	49%	51%	-	-
Share of result of China Holdco[9]	**4,071**	**(24,893)**	**28,964**	**nm**
Depreciation and amortisation on fair value adjustment[10]	(1,626)	(1,626)	-	-
Share of result of joint venture	**2,445**	**(26,519)**	**28,964**	**nm**

Notes:

(1) Revenue from transportation segment increased by RMB48.68 million or 80.35%, from RMB60.58 million in 9M2020 to RMB109.26 million in 9M2021, as the business operation has returned to its pre-pandemic level in the second quarter of this year.

Revenue from storage service segment increased significantly by RMB115.29 million or 99.2%, from RMB116.25 million in 9M2020 to RMB231.54 million in 9M2021, mainly due to the following:

(a) an increase in revenue of RMB111.9 million from Deqiao Logistics Co., Ltd., ("**Deqiao**") with the resumption of its operations in September 2020;

(b) an increase in revenue of RMB7.54 million from Yueyang Hengyang Petrochemical Logistics Co., Ltd. as its business operation has returned to pre- COVID-19 pandemic level; offset by

(c) a decrease in revenue of RMB6.68 million from Jiangyin Foreversun Chemical Logistics Co., Ltd., as a result of the decrease in capacity utilisation.

(2) In 9M2021, the Company completed the disposal of its entire 85% interest in Jiangsu Xinheng Supply Chain Management Service Co., Ltd. ("**Jiangsu Xinheng**") for an aggregate cash consideration of RMB18,062,500 (the "**Disposal**"). Please also refer to paragraph 16 of this announcement for further information in relation to the Disposal. As a result of the Disposal, Jiangsu Xinheng is classified as discontinued operations, and revenue from Jiangsu Xinheng which amounted to RMB606.85 million in 9M2020 and RMB17.6 million in 9M2021 as well as cost of sales from Jiangsu Xinheng which amounted to RMB602.95 million in 9M2020 and RMB17.57 million in 9M2021 have been excluded from these line items.

(3) Cost of sales increased by RMB76.49 million or 46.5%, including RMB31.79 million from transportation segment and RMB44.7 million from storage service segment. The increase was due to the increase in revenue from these two segments.

(4) Gross profit increased significantly by RMB87.48 million, from RMB12.31 million in 9M2020 to a RMB99.79 million in 9M2021. Gross profit margin increased from 7.0% in 9M2020 to 29.3% in 9M2021. The turnaround in gross profit margin was due to higher revenue from the storage service segment, which typically has better margins compared to the other segment.

(5) Other income increased by RMB1.08 million or 23.8%, mainly attributed to RMB1.06 million gain on disposal of Jiangsu Xinheng.

(6) Administrative and other expenses increased by RMB9.52 million or 24.8%, mainly due to the increase in manpower costs and sales-related expenses with the resumption of Deqiao's operation in September 2020.

(7) Finance costs increased by RMB21.55 million or 81.2%, mainly due to the borrowing costs of Deqiao installation which was previously capitalised but now expensed since its resumption of operation.

(8) Profit from discontinued operation refers to profits attributable to Jiangsu Xinheng as mentioned in note (2) above.

(9) 24 days share of 51% and 6 days share of 49% of China Holdco's profit for September 2021 as the documentation for the transfer of 2% shareholding in China Holdco has been filed with the relevant authorities in the People's Republic of China effective from 24 September 2021 for accounting purposes.

(10) Fair value adjustment arose from the initial recognition in May 2017 from fair value adjustment on property, plant and equipment and land use rights of the joint venture, and amortised over the useful life of these assets of the joint-venture.

(11) "nm" denotes not meaningful.

N7.4 Reconciliation of summarised financial information

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

	Group	
RMB'000	**30-Sep-2021**	**31-Dec-2020**
Proportion of Group ownership	49%	51%
Share of net assets of the joint venture	421,813	419,267
Fair value adjustment on plant and equipment and land use rights	65,991	65,991
Cumulative depreciation and amortisation on fair value adjustment	(9,394)	(7,768)
Non-controlling interest	(1,384)	(2,909)
Interest in joint venture	477,026	474,581
Goodwill	58,841	58,841

	Group	
RMB'000	**30-Sep-2021**	**31-Dec-2020**
Transfer of 2% shareholding in joint venture	(18,736)	-
Carrying value of Group's interest in joint venture	517,131	533,422

N8. Lease liabilities

	Group	
RMB'000	**30-Sep-2021**	**31-Dec-2020**
Balance as at 1 January	151	50
Interest expense	4	2
Addition	-	155
Lease payments		
- Principal portion	36	54
- Interest portion	4	2
	40	56
Balance as at the end of the period	115	151

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

RMB'000	**30-Sep-2021**	**31-Dec-2020**
Contractual undiscounted cash flows		
– Not later than a year	54	56
– Between one and three years	68	107
	122	163
Less: Future interest expense	(6)	(12)
Present value of lease liabilities	115	151
Presented in statement of financial position		
– Non-current	74	49
– Current	41	102
	115	151

The Group leases an office premise in Singapore with fixed payments over the lease terms and the incremental borrowing rate applied was 5.25% (9M2020: 5.25%) per annum.

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

The lease liability is denominated in Singapore dollars.

N9. Subsequent events

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

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

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

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

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

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

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

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

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

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

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

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore). The accounting policies and computation methods adopted in the financial statements for 9M2021 are the same as those adopted in the preceding year.

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

Please refer to N2.

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

	Group	
	9M2021	**9M2020**
	Unaudited	**Unaudited**
Weighted average number of ordinary shares used in computation of basic LPS	203,461,883	203,461,883
Basic and diluted LPS (RMB cents)	(9.05)	(7.55)

Notes:

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

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

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

	Group		Company	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
	Unaudited	Audited	Unaudited	Audited
Net asset value per ordinary share (RMB cents)	274.3	283.3	142.5	143.2

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

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Condensed interim consolidated statement of comprehensive income of the Group

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

The Group's other income decreased by RMB5.23 million or 91.3% from RMB5.73 million in 9M2020 to RMB0.5 million in 9M2021. This was mainly due to the absence of RMB4.37 million income arising from the de-recognition of the derivative financial instrument relating to the option granted to CITIC Port in respect of 2% equity interest in China Holdco. The Group also had lower government grant of RMB0.18 million in 9M2021 as compared to RMB1.29 million in 9M2020 . The Group's interest income decreased from RMB1.23 million in 9M2020 to RMB0.47 million in 9M2021 mainly due to the reduced cash balance within the Group.

Administrative and other expenses decreased by RMB0.23 million or 8.1% from RMB2.84 million in 9M2020 to RMB2.61 million in 9M2021 mainly due to change of foreign exchange rate.

Share of results of joint venture relates to the Company's 49% interest in the China Holdco Group. The shareholding of joint venture has changed from 51% to 49% due to the transfer of 2% shareholding in China Holdco to CITIC Port. Share of profit amounted to RMB2.45 million in 9M2021, while share of loss incurred in 9M2020 was RMB26.52 million. Please refer to paragraph N7.3 for review of the China Holdco Group's financial performance.

Loss on partial disposal of joint venture refer to the transfer of 2% shareholding from HHPL to CITIC Port for a nominal consideration of S$1. Based on the net asset value of the joint venture as at [30 September 2021] of RMB18.74 million, the loss of disposal is RMB18.74 million. Please refer to the announcement made by the Company on 1 September 2021 and paragraph 16 of this announcement.

The Group recorded a net loss attributable to owners of the parent of RMB18.41 million in 9M2021 as compared to a loss of RMB15.36 million in 9M2020. The higher loss in 9M2021 was mainly due to the loss of disposal arising from the transfer of 2% shareholding of joint venture in 9M2021.

Condensed interim consolidated statement of financial position of the Group

Non-current assets comprise the Group's investment in joint venture which relates to its interest in the China Holdco Group and right-of-use asset. Investment in joint venture decreased by RMB16.29 million from RMB533.42 million as at 31 December 2020 to RMB517.13 million as at

30 September 2021, mainly due to the transfer of 2% shareholding in China Holdco to CITIC Port in 9M2021.

Current assets comprise cash and cash equivalents, amount owing by related parties, other receivables and interest income receivables. Current assets decreased by RMB3.31 million from RMB45.12 million as at 31 December 2020 to RMB41.81 million as at 30 September 2021, mainly due to a decrease in cash and cash equivalents. Cash and cash equivalents decreased by RMB3.3 million from RMB44.82 million as at 31 December 2020 to RMB41.52 million as at 30 September 2021 due to utilisation of the Group's cash in operating activities as set out in the cash flow statements.

Current liabilities comprise mainly other payables, amount owing to directors, lease liability and current income tax payable. Current liabilities decreased by RMB1.2 million from RMB2.1 million as at 31 December 2020 to RMB0.9 million as at 30 September 2021, mainly due to the payment to professionals and directors

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

Condensed interim consolidated statement of cash flows of the Group

The Group recorded cash and cash equivalents of RMB41.52 million as at 30 September 2021, as compared to RMB82.43 million as at 30 September 2020, a decrease of RMB40.91 million. The decrease was mainly due to payment of cash consideration of RMB36.0 million for the HHPL Acquisition in October 2020.

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

In the Company's unaudited financial results for the first quarter ended 31 March 2021 released on 7 May 2021 ("1Q Results"), the Company made the statement that "*With the resumption in operations of the Deqiao facility in September 2020, the Board is cautiously optimistic of the Group's financial performance in the current financial year ending 31 December 2021*."

The China Holdco Group's financial performance for 9M2021 is reflective of the improvement of the financial performance of the Group's underlying operating entities held through China Holdco for 9M2021 as compared to 9M2020 and FY2020. The higher loss of the Group for 9M2021 is attributable to a one-off loss arising from the transfer of 2% shareholding in China Holdco from HHPL to CITIC Port in 9M2021 which resulted in a variance between that statement and the Group's 9M2021 results.

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

PRC's GDP increased by 9.8% in 9M2021 following a lacklustre 2.3% GDP increment for FY2020 signifying the recovery of the PRC's economy from the COVID-19 pandemic.

However, given the recent news on the spread of the delta variant of COVID-19 in the PRC as well as the severe flooding in Henan and Shanxi provinces and power shortages, PRC's GDP growth rate for the second half of the financial year ending 31 December 2021 ("**FY2021**") may be affected.

The China Holdco Group's operations are along the coast of Yangtze River. According to the PRC's 14th five-year (2021 – 2025) plans, the PRC government will more comprehensively promote the development of the Yangtze River Economic Belt with focus on the construction of the Yangtze River's main artery, create an overall design for a comprehensive transportation

system along the Yangtze River. The China Holdco Group intends to leverage on its strategic locations to explore further business opportunities along Yangtze River.

As mentioned in paragraphs N7.3 and 8 of this announcement, the Group (through China Holdco Group) registered improvements in performance with the resumption of operations of the Deqiao facility in September 2020. In addition, the construction of Chongqing project is near the end of completion and government acceptance is expected in the fourth quarter of 2021.The Group will continue its efforts to increase the utilisation rate of the Deqiao facility and strive to put Chongqing project into formal operation as soon as possible to improve its performance.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for 9M2021.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend has been declared or recommended for 9M2020.

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

Not applicable

(d) Date payable

Not applicable

(e) Books closure date

Not applicable

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

The Board has decided not to recommend any dividend because China Holdco has not proposed or paid a dividend during 9M2021. As such, the Company could not pay a meaningful amount of dividend without depleting its cash resources.

13. Interested Person Transactions ("IPT")

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the existing shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
		RMB'000	RMB'000
Provision of Petrochemical storage services and land transport services			
- Jinqiao Chemical(1)	Note1	-	34,088
- Jinqiao Trade(2)	Note2	-	2,659
Interest expense charged	Note3		
- Jinqiao Chemical	Note1	-	3,762
- Gu Wenlong	Chairman, CEO and Controlling Shareholder of the Company	-	564

Notes:

(1) Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of Mr Gu Wen Long who is the Chairman and Chief Executive Officer and Controlling Shareholder of the Company.

(2) Jiangyin Golden Bridge Trade Co., Ltd. ("**Jinqiao Trade**") is a company established and controlled by Ms Sun Fang, the spouse of the Company's Chairman and Chief Executive Officer, Mr Gu Wen Long.

(3) The interest expenses charged were in relation to loans extended by Jinqiao Chemical and Mr Gu Wen Long for working capital purposes.

14. Confirmation by the Board

We, Gu Wen Long and Diong Tai Pew, being two of the directors of the Company, hereby confirm on behalf of the Board of Directors of the Company (the "**Directors**") that, to the best of the Directors' knowledge, nothing has come to the attention of the board of Directors which may render the financial statements of the Group for 9M2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

GU WEN LONG
Chairman and Chief Executive Officer

DIONG TAI PEW
Lead Independent Director
and Audit Committee Chairman

15. Confirmation pursuant to Catalist Rule 720(1)

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

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

On 11 January 2021, the Company announced that China Holdco had entered into a sale and purchase agreement with Jiangyin Jingang Chemical Co., Ltd. to dispose its entire 85% interest in Jiangsu Xinheng (the "**Disposal**") for an aggregate cash consideration of RMB18,062,500 (equivalent to approximately S$3,678,717).

The consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, among other things: (a) the valuation report which had valued 100% of the equity of Jiangsu Xinheng at RMB21,241,000 (equivalent to approximately S$4,326,069); (b) the historical operating track record and financial performance of Jiangsu Xinheng; and (c) the rationale and benefits to the Group for the Disposal.

Based on the unaudited management accounts of Jiangsu Xinheng as at 31 October 2020, the book value of the 85% in Jiangsu Xinheng amounted to approximately RMB18,051,535 (or equivalent to approximately S$3,676,484).

Please refer to the Company's announcements in relation to the Disposal dated 11 January 2021 and 15 January 2021 and 7 September 2021 and notes (2), (5) and (8) to paragraph N7.3 for more information.

On 1 September 2021, the Company announced the Transfer for a nominal consideration of S$1.

The consideration for the Transfer was arrived at on a willing-buyer and willing-seller basis, taking into account, among other things: (a) The possibility of China Holdco Group be in breach of the loan covenants for the two loans from Bank of China (totalling RMB645.15 million) without the Transfer and the corresponding 2% corporate guarantee from CITIC Port; (b) the rationale and benefits to the Group for the Transfer.

Based on the unaudited management accounts of China Holdco Group as at 30 September 2021, the book value of the 2% in China Holdco Group amounted to approximately RMB18.74 million (equivalent to approximately S$3.9 million).

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group during 9M2021 which is required to be reported under Rule 706(A) of the Catalist Rules.

BY ORDER OF THE BOARD

GU WEN LONG
Chairman and Chief Executive Officer

November 10, 2021

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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