CIRCULAR DATED 13 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your ordinary shares in the capital of Hengyang Petrochemical Logistics Limited (the "**Company**"), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact persons for the Sponsor are Mr Yee Chia Hsing (Head, Catalist) and Mr Ken Lee (Associate Director, Investment Banking) at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.

恒阳

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

CIRCULAR TO SHAREHOLDERS

In relation to

THE PROPOSED ISSUE OF EQUITY INTEREST IN JIANGYIN FOREVERSUN CHEMICAL LOGISTICS CO., LTD. ("CHINA HOLDCO"), A SUBSIDIARY HELD BY THE COMPANY THROUGH HENGYANG HOLDING PTE. LTD. ("HHPL") AND EQUITY SUBSCRIPTION BY CITIC PORT INVESTMENT CO., LTD. ("CITIC PORT") AN INCOMING INVESTOR;

THE PROPOSED DISPOSAL OF THE CHINA HOLDCO'S EQUITY INTEREST HELD BY HHPL TO CITIC PORT; AND

THE PROPOSED GRANT OF OPTION TO CITIC PORT FOR EQUITY SUBSCRIPTION IN THE CHINA HOLDCO

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	26 April 2017 at 9.00 a.m.
Date and time of Extraordinary General Meeting	:	28 April 2017 at 9.00 a.m.
Place of Extraordinary General Meeting	:	Violet Room, The Chevrons, 48 Boon Lay Way, Singapore 609961

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"**Act**" or "**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
"**Affiliates**"	:	With respect to any person, any other person that, directly or indirectly controls, is controlled by, or is under common control with the first person. For the purposes of this definition only, "**person**" means, an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, and "**control**", when used with respect to any person, means the direct or indirect ownership of more than 50% of the voting interests of such person. In the case of an individual, "**affiliates**" shall also include his immediate family members and relatives, and his associates within the meaning of the Catalist Rules
"**Board**"	:	The board of Directors of the Company as at the Latest Practicable Date
"**Business Day**"	:	Means any day other than a Saturday, Sunday or public holiday in the PRC
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**Catalist Rules**"	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended, supplemented or modified from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**China Holdco**"	:	Jiangyin Foreversun Chemical Logistics Co., Ltd.
"**China Holdco Board**"	:	The new board of directors of the China Holdco
"**Circular**"	:	This circular to Shareholders dated 13 April 2017
"**CITIC Port**"	:	CITIC Port Investment Co., Ltd.
"**Company**"	:	Hengyang Petrochemical Logistics Limited
"**Completion**"	:	Has the meaning ascribed to it in section 1.1 of this Circular
"**Completion Date**"	:	has the meaning ascribed to it in section 3.1.2 of this Circular
"**Conditions Precedent**"	:	has the meaning ascribed to it in section 3.1.3 of this Circular
"**Constitution**"	:	The Constitution of the Company, consisting the memorandum and articles of association of the Company or other regulations of the Company for the time being in force
"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date
"**EGM**"	:	The extraordinary general meeting of the Company to be held on 28 April 2017, notice of which is set out in pages 35 to 36 of this Circular
"**EPS**"	:	Earnings per Share

"**Equity Subscription Consideration**"	:	Has the meaning ascribed to it in section 1.1 of this Circular
"**Equity Transfer Agreement**"	:	the equity transfer agreement in respect of the Proposed Transactions entered into between HHPL and CITIC Port on 17 March 2017
"**Equity Transfer Consideration**"	:	Has the meaning ascribed to it in section 1.1 of this Circular
"**FY**"	:	Financial year ending or ended (as the case may be) 31 December of a particular year as stated
"**FRS**"	:	Singapore Financial Reporting Standards
"**Group**"	:	The Company and its subsidiaries, collectively
"**HHPL**"	:	Hengyang Holding Pte. Ltd., a 65% owned subsidiary of the Company
"**Latest Practicable Date**"	:	7 April 2017, being the latest practicable date prior to the printing of this Circular
"**Long-stop Date**"	:	Has the meaning ascribed to it in section 3.1.3 of this Circular
"**LPS**"	:	Loss per Share
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Mr Gu**"	:	Mr Gu Wen Long, the Chairman and CEO as well as the Controlling Shareholder of the Company
"**NAV**"	:	Net asset value
"**Notice of EGM**"	:	The notice of EGM as set out on pages 35 to 36 of this Circular
"**NTA**"	:	Net tangible asset
"**Ordinary Resolution**"	:	The ordinary resolution set out in the Notice of EGM
"**Option Exercise**"	:	Means the exercise of the Option by CITIC Port pursuant to the Proposed Grant of Option
"**Option Exercise Date**"	:	Has the meaning ascribed to it in section 3.1.4 of this Circular
"**Option Exercise Price**"	:	Has the meaning ascribed to it in section 3.1.4 of this Circular
"**PRC**" or "**China**"	:	The People's Republic of China, which term, for the purpose of this Circular, will exclude the Hong Kong Special Administrative Region, Taiwan and the Special Administrative Region of Macau
"**Possible Listing**"	:	Has the meaning ascribed to it in section 3.1.5 of this Circular
"**Proposed Disposal"**	:	Has the meaning ascribed to it in section 1.1 of this Circular
"**Proposed Grant of Option**"	:	Has the meaning ascribed to it in section 1.1 of this Circular
"**Proposed Issue"**	:	Has the meaning ascribed to it in section 1.1 of this Circular
"**Proposed Resolution**"	:	The Ordinary Resolution proposed at the EGM
"**Proposed Transactions**"	:	Collectively, the Proposed Issue, Proposed Disposal and Proposed Grant of Option

"**SASAC**"	:	The State-owned Assets Supervision and Administration Commission of the PRC (or its local counterparts)
"**Securities Account**"	:	The securities account maintained by a Depository with CDP but does not include a securities sub-account maintained with a Depository Agent
"**SFA**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Shareholders**"	:	Registered holder(s) of the Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts are credited with those Shares
"**Shareholders Agreement**"	:	the shareholders agreement in respect of the Proposed Transactions entered into between HHPL, CITIC Port and the China Holdco on 17 March 2017
"**Sponsor**"	:	CIMB Bank Berhad, Singapore Branch
"**Subscription Agreement**"	:	the subscription agreement in respect of the Proposed Transactions entered into between HHPL and CITIC Port on 17 March 2017
"**Substantial Shareholder**"	:	A person (including a corporation) who holds (directly or indirectly) not less than five per cent. (5%) of the total votes attached to all the voting Shares in the Company
"**Transaction Documents**"	:	Collectively, the Subscription Agreement, Equity Transfer Agreement and Shareholders Agreement
"**Total Consideration**"	:	Has the meaning ascribed to it in section 3.4 of this Circular
"**Valuer**"	:	The China Enterprise Appraisals Shanghai Branch
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively
"**US$**" or "**USD**"	:	United States dollars
"**%**" or "**per cent**"	:	Per cent. or percentage

In this Circular, the following definitions apply throughout unless otherwise stated:

(a) The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

(b) The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Act.

(c) The term "**subsidiary**" shall have the meaning ascribed to it under Section 5 of the Companies Act.

(d) Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

(e) Certain names with Chinese characters have been translated into English names for the convenience of Shareholders. Such translations may not be recognized with the relevant PRC authorities and should not be construed as representing the Chinese characters. In the event of any inconsistency between the official Chinese names and the translated English names, the official Chinese names shall prevail.

(f) Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

(g) Any term defined under the SFA, the Companies Act or the Catalist Rules, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

(h) Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

(i) For the purpose of this Circular and Shareholders' reference, unless otherwise stated, the exchange rate of S$1.00 to RMB4.9155 will be applied throughout this Circular for illustrative purposes only.

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

Directors:

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

Registered Office:

8 Robinson Road
#13-00 ASO Building
Singapore 048544

13 April 2017

To: The Shareholders of the Company

Dear Sir/Madam

1. INTRODUCTION

1.1 On 19 March 2017, the Company announced the entry by its subsidiaries Hengyang Holding Pte. Ltd. ("**HHPL**") and Jiangyin Foreversun Chemical Logistics Co., Ltd. (the "**China Holdco**") into a Subscription Agreement, Equity Transfer Agreement and Shareholders Agreement (collectively, the "**Transaction Documents**") with a China investor, namely CITIC Port Investment Co., Ltd ("**CITIC Port**").

The Proposed Transactions contemplated in the Transaction Documents comprise of the following: -

(a) The issue of equity interest in the China Holdco and subscription of 37.2% of the enlarged equity interest in the China Holdco by CITIC Port for an aggregate consideration of RMB450,000,000 (the "**Equity Subscription Consideration**") (the "**Proposed Issue**");

(b) Concurrently with the completion of the Proposed Issue, the disposal of 11.8% equity interest in the registered capital of the China Holdco held by HHPL to CITIC Port for an aggregate consideration of RMB142,900,000 (the "**Equity Transfer Consideration**") (the "**Proposed Disposal**"), such that the shareholders of the China Holdco will comprise (i) HHPL holding 51% of the equity interest in the China Holdco; and (ii) CITIC Port holding 49% of the equity interest in the China Holdco upon the completion of the Proposed Issue and the Proposed Disposal ("**Completion**"); and

(c) Subject to the Completion, the grant of an option to subscribe for an additional 2% of the equity interest in the China Holdco to CITIC Port for an aggregate consideration not exceeding RMB50,000,000 (the "**Proposed Grant of Option**").

In connection with the Proposed Transactions, HHPL, CITIC Port and the China Holdco have entered into a Shareholders Agreement to regulate the affairs of the China Holdco and to govern the respective rights of HHPL and CITIC Port as shareholders of the China Holdco.

The Group seeks to strengthen its platform for future growth and local presence in China. With completion of the Proposed Transactions, the Group expects to leverage on a significantly enhanced market presence, economies of scale, greater diversification of operations and additional equity capital.

1.2 The Proposed Issue, the Proposed Disposal and the Proposed Grant of Option are inter-conditional upon the concurrent approval of the Shareholders pursuant to Chapter 8 and Chapter 10 of the Catalist Rules. If any of the resolutions relating to the Proposed Issue, the Proposed Disposal and the Proposed Grant of Option is not approved by the Shareholders, or any of the Conditions Precedent are not satisfied by the Long-stop Date (as defined below) or such other date as may be agreed by HHPL and CITIC Port, then all of the Proposed Transactions will not proceed.

1.3 The purpose of this Circular is to provide the Shareholders with relevant information relating to the Proposed Transactions and to seek Shareholders' approval at the EGM for the Proposed Resolution as set out in the Notice of EGM on page 35 of this Circular.

SHAREHOLDERS SHOULD NOTE THAT THE PROPOSED TRANSACTIONS MAY HAVE AN IMPACT ON THE LISTING STATUS OF THE COMPANY PURSUANT TO THE CATALIST RULES. PLEASE REFER TO SECTIONS 3.5 AND 4.4 FOR MORE DETAILS.

2. INFORMATION ON THE CHINA HOLDCO AND CITIC PORT

2.1 Information on the China Holdco

The China Holdco is a private limited liability company incorporated under the laws of the PRC on 25 November 2002. As at the Latest Practicable Date, it has a registered and paid-up capital of USD77,270,000.

The China Holdco is a wholly-owned subsidiary of HHPL, which is a 65% direct subsidiary of the Company.

On 10 January 2017, the Company announced via SGXNet that the Group had completed an intragroup restructuring exercise ("**Restructuring Exercise**") which consolidated ownership of all of the Company's present subsidiaries incorporated within the PRC under the China Holdco. Accordingly, as at the Latest Practicable Date, the China Holdco holds an equity interest of:

(a) 87.65% in Jiangyin Golden Bridge Transportation Co., Ltd. ("**Jiangyin Subsidiary**");

(b) 100% in Jiangsu Deqiao Storage Co., Ltd. ("**Jiangsu Subsidiary**"), which in turn holds 100% in Jingjiang Shuangjiang Ports Co., Ltd. ("**Shuangjiang Subsidiary**");

(c) 100% in Wuhan Hengyang Chemical Logistics Co., Ltd. ("**Wuhan Subsidiary**");

(d) 100% in Chongqing New Hengyang Storage Co., Ltd. ("**Chongqing Subsidiary**"); and

(e) 100% in Yueyang Hengyang Petrochemical Logistics Co., Ltd. ("**Yueyang Subsidiary**").

The China Holdco and its subsidiaries are in the business of building, owning and operating petrochemical terminals, including petrochemical port facilities and petrochemical and oil product storage tanks and providing warehousing and logistics services for third parties and land transportation in China.

The corporate structure of the Group as at the Latest Practicable Date is set out in Part A of **Appendix I** to this Circular. The corporate structure of the Group immediately after Completion is set out in Part B of **Appendix I**.

2.2 Information on the Investor, CITIC Port Investment Co., Ltd

2.2.1 CITIC Port is a limited liability company incorporated under the laws of the PRC on March 2006 and is a state-owned enterprise. CITIC Port is jointly invested by CITIC Xingye Investment Group Co., Ltd. and CITIC Xingye Investment Ningbo Co., Ltd. It is the operation platform of CITIC Xingye Investment Co., Ltd.'s port business.

2.2.2 CITIC Port has a strong dominance in the Ningbo region and its business encompasses numerous port projects, liquefied chemicals terminals, storage tanks, container terminals, tugs and other related services.

2.2.3 CITIC Port is a current provider of a short term loan ("**Loan**") of RMB80 million to the China Holdco. The Loan is provided pursuant to an entrusted loan agreement entered into by and between the China Holdco, CITIC Port, Nanyang Commercial Bank (China) Ltd, HHPL, Jiangsu Subsidiary, Shuangjiang Subsidiary, Chongqing Subsidiary, Wuhan Subsidiary, Yueyang Subsidiary, Jiangyin Subsidiary, Mr Gu and his spouse, Ms Sun Fang on 14 December 2016.

2.2.4 The interest rate of the Loan is calculated by reference to the prevailing People's Bank of China's ("**PBC**") base rate times 120%. The interest rate of the Loan will be adjusted in accordance with any changes to the base rate as announced by PBC from time to time. The Loan, together with interests on the Loan, shall be repaid within six (6) months from the drawn down date, being 23 December 2016. In the event that Completion falls before the maturity date of the Loan, the China Holdco shall repay the Loan to CITIC Port within five (5) Business Days from the date of Completion. The Loan shall be utilised for repayment of loan interests, loan principal extended by Nanyang Commercial Bank to Jiangsu Subsidiary, construction costs and working capital of the Group.

2.2.5 The Loan is secured by a first mortgage against the tank facilities (total carrying value of RMB16.9 million) of the China Holdco, and second mortgages against the property, plant and/or equipment of Jiangsu Subsidiary, Shuangjiang Subsidiary, Wuhan Subsidiary, Yueyang Subsidiary and Chongqing Subsidiary. In addition, the Loan is also secured by 100% of the equity interest of the China Holdco, Jiangsu Subsidiary and Yueyang Subsidiary respectively.

2.2.6 Based on a non-binding term sheet ("**Term Sheet**") signed by HHPL, Deqiao Petrochemical Logistics Pte Ltd ("**Deqiao**") and CITIC Port on 21 November 2016, CITIC Port will provide short term financial support to the China Holdco, Jiangyin Subsidiary, Jiangsu Subsidiary, Shuangjiang Subsidiary, Wuhan Subsidiary, Chongqing Subsidiary and Yueyang Subsidiary during the period between the date of the Term Sheet and the Completion Date.

2.2.7 As at the Latest Practicable Date, CITIC Port has a registered capital of RMB324,000,000.

2.2.8 Save as disclosed above, CITIC Port does not have any relationship with the Company, its Directors or Substantial Shareholders.

3. DETAILS OF THE PROPOSED TRANSACTIONS

3.1 The Subscription Agreement

The salient terms of the Subscription Agreement are, *inter alia*, as follows:

3.1.1 Consideration for the Proposed Issue

The China Holdco will issue equity interest and CITIC Port shall subscribe for 37.2% of the enlarged equity interest in the China Holdco.

The consideration payable for the Proposed Issue, i.e. the Equity Subscription Consideration is RMB450,000,000, of which USD45,771,800 (to be converted from RMB to USD based on the exchange rate as at the date of subscription of the equity interest in the China Holdco by CITIC Port) will become the new share capital of the China Holdco and the balance will become the new capital reserve of the China Holdco.

CITIC Port shall pay the Equity Subscription Consideration in full to the China Holdco on the Completion Date or such later date as the parties to the Subscription Agreement may mutually agree in writing.

3.1.2 Completion Date

Completion will take place on or about three (3) Business Days immediately following the fulfilment (or waiver, as applicable) of the Conditions Precedent ("**Completion Date**").

3.1.3 Conditions Precedent

Completion of the Proposed Issue shall be subject to, *inter alia*, the following conditions precedent (the "**Conditions Precedent**"):

(a) Completion of due diligence checks on the China Holdco's business, legal and financial aspects;

(b) The Valuer appointed by CITIC Port has duly completed the valuation of the China Holdco's assets and the valuation report ("**Valuation Report**") has been filed and registered with the SASAC or its authorised agent in the PRC;

(c) Competent departments of CITIC Port, HHPL, the China Holdco and the relevant supervisory authorities have approved the Proposed Transactions;

(d) The relevant parties have signed all the Transaction Documents;

(e) The Group has obtained all other necessary corporate and regulatory approvals and authorisations for the Proposed Transactions, including the approval of the Company's Shareholders at an extraordinary general meeting;

(f) No PRC authority has instituted or implemented any action, proceedings, or taken any steps, which would or might hinder or limit the Proposed Issue and Proposed Disposal or the China Holdco's business;

(g) The China Holdco has signed labour contracts, confidentiality and non-competition agreements and proprietary information and invention agreements with key managers and employees;

(h) The production of a legal opinion issued by a PRC legal counsel and a legal opinion issued by a Singapore legal counsel; and

(i) The competent Administration of Industry and Commerce of the PRC has completed registration of the Proposed Issue and has issued an updated business license for the China Holdco which reflects the Proposed Issue and Proposed Disposal.

If the Conditions Precedent are not satisfied or waived (as the case may be) within ninety (90) Business Days from date of signing of the Subscription Agreement (the "**Long-stop Date**"), the non-breaching party has the right to terminate the agreement.

3.1.4 Grant of Option

Subject to Completion and payment of the Equity Subscription Consideration and Equity Transfer Consideration by CITIC Port, CITIC Port shall have an option to subscribe for 2% of the equity interest in the China Holdco, such that the ratio of equity interest in the China Holdco held by CITIC Port and HHPL will be 51:49.

If CITIC Port intends to exercise the Option, CITIC Port shall serve on HHPL and the Company a written notice of not less than six (6) months before the Option Exercise Date.

Under the Subscription Agreement, the exercise date of the Option shall be any date within a one (1) year period after the expiration of two (2) years from the Completion Date (the "**Option Exercise Date**").

The price for exercising the Option shall be determined in the following manner and shall not, in any event, exceed RMB50,000,000 (the "**Option Exercise Price**"):

(i) The Option Exercise Price shall be determined by mutual consultation between CITIC Port and HHPL and shall be based on a valuation report from an independent professional valuer in the PRC.

(ii) the valuation report issued by the valuer shall be filed and registered with the SASAC and the price reflected in the valuation report filed with SASAC will be the final Option Exercise Price.

3.1.5 Possible Listing

The Subscription Agreement provides that CITIC Port will consider the possibility of an initial public offering of the China Holdco, including a possible listing of its shares on a securities exchange in the PRC ("**Possible Listing**"). CITIC Port shall give priority to the China Holdco as the listing company from the Completion Date to 31 December 2020. HHPL and CITIC Port shall cooperate to ensure that the China Holdco meets the regulatory requirements of domestic listing in the PRC and comply with the regulatory requirements of the SGX-ST.

The commercial reasons for including such a term in the Subscription Agreement are because a China stock exchange is geographically of closer proximity to the principal place of business of the Group's operations which are mainly undertaken in the PRC. As such, the Company regards a China stock exchange as the preferred platform for future fund raising activities (if any) as investors on a China stock exchange are likely to have greater familiarity with the business of the Group, and a listing on a China stock exchange will enhance the Company's profile in the PRC, and enable the Company to gain access to PRC's capital markets and to benefit from its exposure to a wider range of private and institutional investors.

3.1.6 Restrictive Covenants

It is agreed that none of HHPL and its Affiliates, CITIC Port and its Affiliates and Mr Gu, who is the Chairman and CEO as well as a Controlling Shareholder of the Company, shall for three (3) years from the Completion Date, directly or indirectly, be engaged, concerned or interested in any business in competition with the China Holdco's business which includes the handling, storage and transport of liquid chemicals and oil products and other supply chain services relating to liquid chemicals and oil products, and shall not exclude the following:

(i) The existing two projects undertaken by CITIC Port, namely Ningbo Jiaomen Project and Ningbo Xinrun Project; and

(ii) The existing supply chain business projects undertaken by Mr Gu and his associates.

HHPL and CITIC Port further agree that after Completion, in the event either of CITIC Port or HHPL, or the entity which directly controls CITIC Port or HHPL, or the entities which are controlled by CITIC Port or HHPL ("**Referring Party**") obtains a business opportunity which is in competition with the China Holdco's business ("**Competing Business Opportunity**"), the Referring Party shall issue a notice in writing to the China Holdco to offer the Competing Business Opportunity and upon receipt of such notice, the China Holdco has thirty (30) days thereafter to accept or refuse in writing the Competing Business Opportunity. If the China Holdco refuses the Competing Business Opportunity, the Referring Party shall be permitted to take the benefit of such Competing Business Opportunity.

Apart from HHPL, each of the Company and Deqiao will be subject to the restrictions aforementioned. Currently the Group only has a 65% effective interest in Deqiao, which is currently dormant. The Company intends to dispose of Deqiao in future.

The restrictive covenants are intended such that the parties to the Subscription Agreement will give priority to enhance the business of the China Holdco for its future listing in China. When the China Holdco is listed, HHPL and the Company, which will then become minority shareholders, will continue to benefit from the ongoing business prospects of the China Holdco and the increased value of the shares in the China Holdco.

3.1.7 Post-Completion Loan Replacement Exercise

Under the Subscription Agreement, the China Holdco shall return all loan principal sums, interests and other fees owed to CITIC Port within five (5) Business Days of the Completion Date. The China Holdco and its subsidiaries shall thereafter undergo a loan replacement exercise ("**Loan Replacement Exercise**"), involving entry into new loan agreements with banks ("**New Loans**") which will bear an annual interest rate which is lower than the interest payables on the existing loans of the Group's subsidiaries ("**Existing Loans**"), including but not limited to the existing construction loans and working capital loans of the Group's subsidiaries and to use the New Loans to replace whole or part of the Existing Loans to lower the cost of financing.

The Board is of the view that with CITIC Port becoming the new investor of the Group, the Company will be well positioned to obtain the New Loans with better commercial terms.

It is intended that after Completion, the China Holdco and its subsidiaries will undergo the Loan Replacement Exercise based on a mutually agreed plan between the Group and CITIC Port. Currently, the Group and CITIC Port do not have in place such plan on the Loan Replacement Exercise.

3.2 **Equity Transfer Agreement**

The salient terms of the Equity Transfer Agreement are, *inter alia*, as follows:

3.2.1 Consideration for the Proposed Disposal

Concurrently with the Proposed Issue, HHPL shall dispose of or transfer 11.8% of the equity interest it holds in the China Holdco to CITIC Port. The consideration payable for the Proposed Disposal, i.e. the Equity Transfer Consideration is RMB142,900,000.

CITIC Port shall pay the Equity Transfer Consideration in full to HHPL on the Completion Date or such later date as the parties may mutually agree in writing.

3.2.2 Conditions Precedent

The conditions precedent for the Proposed Disposal are the same Conditions Precedent for the Proposed Issue. If the Conditions Precedent are not satisfied or waived (as the case may be) by the Long-stop Date, the non-breaching party may elect to terminate the Equity Transfer Agreement.

3.3 **Shareholders Agreement**

The Shareholders Agreement will take effect either from the date of the Company obtaining Shareholders' approval at the EGM or HHPL obtaining its shareholders' approval at a general meeting (whichever is later).

The salient terms of the Shareholders Agreement are, *inter alia*, as follows:

3.3.1 Risk and Rewards

The China Holdco shall be a limited liability company, of which the risks and rewards are to be shared proportionately based on the capital contribution of the parties.

3.3.2 Business Scope

The proposed business scope of the China Holdco shall be to undertake warehousing operations of chemical products within port areas, to undertake warehousing operations of food additives within port areas, industrial investment and construction and operation of harbour facilities.

3.3.3 Board Representation

The China Holdco Board shall comprise of six (6) directors, three (3) of whom shall be appointed by HHPL and three (3) of whom shall be appointed by CITIC Port. The Chairman of the China Holdco shall be a director appointed by CITIC Port and the Vice-Chairman of the China Holdco shall be a director appointed by HHPL. The China Holdco Board shall determine all major issues relating to the China Holdco. After the Completion Date, in the event of an equality of votes, the Vice-Chairman appointed by HHPL shall have a second or casting vote. However, after the Option Exercise in the event of an equality of votes, the Chairman appointed by CITIC Port shall have a second or casting vote.

3.3.4 Reserved Matters

(a) The matters which require unanimous approval from the China Holdco Board include, *inter alia*, capital increase or decrease of the registered capital of the China Holdco, any adjustment to the equity interest ratio of the shareholders, incorporation of subsidiaries and any joint venture with a third party.

(b) The matters which require at least two-thirds majority vote from the China Holdco Board include, *inter alia*, the review and approval of the annual budget and business plans, corporate funding programmes, plans for profit distribution and losses and related party transactions.

(c) The matters which require at least half of the China Holdco Board's vote include, *inter alia*, appointment or replacement of the China Holdco's auditors, setting up of an internal management system and approval of accounting standards for the China Holdco.

3.3.5 Management Team

The China Holdco shall have a management team comprising of one (1) General Manager, Deputy General Managers, Assistant General Managers, one (1) Chief Finance Officer and one (1) Deputy Finance Officer. The General Manager, one (1) Deputy General Manager and the Deputy Finance Officer shall be nominated by HHPL. The General Manager nominated by HHPL shall be the legal representative of the China Holdco. One (1) Deputy General Manager, one (1) Assistant General Manager and the Chief Finance Officer shall be nominated by CITIC Port. The management team is accountable to the China Holdco Board and is responsible for the day-to-day management of the China Holdco.

3.3.6 Distribution of Dividends

The China Holdco's profit distribution to HHPL and CITIC Port shall be determined by way of a Board resolution. Unless otherwise agreed, the distribution of profits will be in accordance with the shareholders' respective contributions to the paid-up capital of the China Holdco.

3.3.7 Pre-emption rights to subscribe for new equity interest in the China Holdco

Unless otherwise stated in the Transaction Documents, HHPL and CITIC Port enjoy a pre-emption right according to their shareholding proportion for any increase in the share capital of the China Holdco. If either HHPL or CITIC Port chooses not to subscribe for the new equity interest, the other party will have a pre-emptive right to purchase the proportion of the unsubscribed new equity interest over third parties. HHPL and CITIC Port agree that notwithstanding this provision, the China Holdco shall not increase its share capital during the period leading up from the Completion Date to CITIC Port's Option Exercise Date.

3.3.8 Lock-up Period

(a) Save for transfers to Affiliates who directly hold equity interest in the China Holdco, HHPL and CITIC Port shall not transfer all or any part of the equity interest in the China Holdco held by it or otherwise, sell, dispose of or deal with all or any part of its equity interest within three (3) years from the Completion Date (the "**Lock-up Period**"), unless the other shareholder consents to the transfer.

(b) Save for transfers to his immediate family members, Mr Gu personally undertakes not to transfer or reduce (directly or indirectly) his equity interest in the China Holdco during the Lock-up Period, unless with the consent of CITIC Port.

(c) After the Lock-up Period, if either HHPL or CITIC Port decides to transfer any of its equity interest to a non-affiliated party, the Shareholders Agreement provides, *inter alia*, that a notice of transfer has to be given to the other party who has 30 days upon receipt of the transfer notice to apply for all or any of that party's interests.

3.3.9 Use of Proceeds Rules

Pursuant to the Shareholders Agreement, the China Holdco will be investing the Equity Subscription Consideration, any further subscription moneys received by the China Holdco from HHPL and CITIC Port, including but not limited to the Option Exercise Price solely for the China Holdco's business expansion, research and development, capital expenditures, payment of project fees and working uses as well as other uses that may be approved by the China Holdco Board.

3.4 **Basis of Equity Subscription Consideration, Equity Transfer Consideration and Option Exercise Price**

The aggregate consideration ("**Total Consideration**") payable by CITIC Port upon Completion is the aggregate amount of RMB592,900,000, comprising of:

(1) Equity Subscription Consideration of RMB450,000,000 payable to the China Holdco for the Proposed Issue; and

(2) Equity Transfer Consideration of RMB142,900,000 payable to HHPL for the Proposed Disposal.

The Total Consideration was arrived at, following arm's length negotiations between HHPL and CITIC Port and having taken into account all assets and rights of the China Holdco, including but not limited to the China Holdco's consolidated undistributed profit, patents, trademarks, copyrights and all rights associated with intangible assets of the China Holdco.

The Total Consideration was mutually agreed upon by CITIC Port and HHPL based on valuations carried out by the Valuer of the China Holdco's assets, accumulated retained earnings, patents, trademarks, copyrights and intangible assets (the "**Valuation**") on 31 December 2016 (the "**Valuation Date**"). CITIC Port and HHPL have agreed that any loss or profit of the China Holdco from the Valuation Date onwards shall be shared between them in accordance with the shareholding proportion of 51:49.

Based on the Valuation, the total value placed on the China Holdco and its subsidiaries as at 31 December 2016 was RMB777,414,000.

3.5 **Accounting Treatment of the Proposed Transactions and Impact on the Company**

The Company will be in discussions with its auditors, BDO LLP, on the accounting treatment of the Proposed Transactions. If it is determined that the Group will lose control over the China Holdco upon Completion, the assets and liabilities of the China Holdco and its subsidiaries will be derecognised from the Group's consolidated financial statements. In relation to the foregoing, the Company will make the relevant announcement(s) as and when appropriate.

Under the Companies Act, a company is a subsidiary of another company if the latter owns more than 50% of the equity interest in the former. Under FRS 27, a subsidiary is defined as an entity that is controlled by another entity. There is a rebuttable presumption that where an entity whose majority equity interest is held by another entity, the former entity is a subsidiary of the latter. However, there may be a situation that control is not obtained despite owning more than 50% equity interest. As companies are required to prepare financial statements that comply with the FRS, entities that do not meet the definition of subsidiaries under the FRS shall not be consolidated. In such an event, such legal subsidiary should be accounted for in accordance with FRS 31 and disclosed as a non-consolidating entity, together with the reasons for not consolidating.

In such event, based on the current corporate structure, the Company will have the following subsidiaries:

Name of companies	**Effective Interest held by the Company**	**Principal activities**
HHPL	65%	Investment Holding
Deqiao[(1)]	65%	Investment Holding

Note:

(1) The Company intends to dispose of this entity in future.

At the same time, the Company will have the following associated company:

Name of companies	**Effective Interest held by the Company**	**Principal activities**
The China Holdco	33.15%	Construction, management and operation of petrochemical terminals, including petrochemical port facilities and petrochemical and oil product storage tanks and warehousing and logistics services for third parties and land transportation in China.

In such event and based on the assumption that the Group disposes of Deqiao, the Company will then become an investment holding company as it will not have any operating subsidiaries. The Company intends to remain listed on the SGX-ST and will also pursue other business investment opportunities through acquisitions, joint ventures and collaborations as and when they arise, which may not necessarily be within the same business scope as the business activities carried out by the China Holdco. The Company will seek the requisite approvals from the SGX-ST and its shareholders for any change in business, where appropriate.

In the event that it is determined that there is no effect on the ability of the Group to consolidate the accounts of the China Holdco after Completion, the exercise of the Option by CITIC Port on the Option Exercise Date may be another trigger point that could result in the China Holdco being deemed an associated company as described above. Under FRS 28, associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. The Company will assess such impact with the auditors on the accounting treatment of the China Holdco in due course.

In any scenario, in the event that the business development and corporate actions of the China Holdco result in a further partial or complete decrease in the Company's effective equity stake in the China Holdco affecting the ability of the Group to consolidate the accounts of the China Holdco (either upon Completion or upon the Option Exercise on the Option Exercise Date), the Company may have no viable business to maintain its listing status.

4. CATALIST RULES' IMPLICATIONS

4.1 Chapter 8 of the Catalist Rules

Chapter 8 of the Catalist Rules governs the change of capital of a company either by issuing additional equity securities or adjusting existing capital. Rule 805(2)(b) provides that a listed issuer must obtain the approval of shareholders in general meeting, if, *inter alia*, the issue of shares in its principal subsidiary results in a percentage reduction of 20% or more of the issuer's equity interest in the principal subsidiary.

As a result of the Proposed Issue, the Company's effective equity interest in the China Holdco will be diluted from 65% to 40.82%. Accordingly, the prior approval of Shareholders is required before the Proposed Issue can be completed.

4.2 Chapter 10 of the Catalist Rules

Chapter 10 of the Catalist Rules governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Under Rule 1014, shareholders' approval must be obtained for "major transactions". Rule 1006 sets out the computation for relative figures. Shareholders' approval is required if any of the relative figures for the proposed transaction as computed on the basis set out in Rule 1006 exceeds 50% and such a transaction is classified as a "major transaction". Rule 1007(2) further provides that where the disposal of an issuer's interest in a subsidiary is undertaken in conjunction with an issue of shares by that subsidiary, the relative figures in Rule 1006 must be computed based on the disposal and the issue of shares.

The relative figures for the Proposed Transactions, computed on the bases set out in Rule 1006 the Catalist Rules and based on the Company's audited consolidated financial statements for the financial year ended 31 December 2016 are set out below.

4.2.1 **Scenario A**: Assuming that CITIC Port does not exercise the Option, and accordingly, the combined value of the Equity Subscription Consideration and Equity Transfer Consideration, aggregating RMB592,900,000 is received from CITIC Port:

Rule 1006	Bases	Relative Figures (%)
Rule 1006(a)	The NAV of the assets to be disposed of, compared with the Group's NAV as at 31 December 2016[(1)]	49.8%
Rule 1006(b)	The net profits attributable to the assets to be disposed of, compared with the Group's net profits[(2)]	46.5%
Rule 1006(c)	The aggregate value of the net consideration received of RMB142,900,000 from the Proposed Issue and Proposed Disposal compared with the Company's market capitalization of S$34.18million (equivalent to approximately RMB168,019,637)[(3)]	85.1%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable

Notes:

(1) Assuming the completion of the Restructuring Exercise has taken place on 31 December 2016, the NAV of the Group and the China Holdco as at 31 December 2016 is RMB337.6 million and RMB527.9 million respectively. Based on the 49% equity interest of the China Holdco to be disposed of under Scenario A, the NAV of the assets to be disposed of is RMB258.6 million. The Group's effective interest of the assets to be disposed of (through HHPL) is 65%. Accordingly, the NAV of the assets to be disposed of is RMB168.1million.

(2) The China Holdco had been loss making in FY2016. The net loss attributable to the assets disposed of is RMB47.2 million, assuming the completion of the Restructuring Exercise has taken place on 31 December 2016. The net loss of the Group for FY2016 is RMB101.5 million. The relative figure is computed on a loss against loss basis.

(3) The market capitalisation is calculated based on 203,461,883 Shares in issue as at 23 February 2017 (being the last market day that the Company's Shares were transacted, preceding the date of signing of the Transaction Documents) and the volume weighted average price of S$0.168 of the Shares transacted on the SGX-ST on the same date.

Having regard to the above, the Proposed Transactions (excluding the Option Exercise by CITIC Port) will constitute a "Major Transaction" under Rule 1014 of the Catalist Rules and accordingly, the Company is convening the EGM to seek the approval of Shareholders.

4.2.2 **Scenario B:** Assuming that (i) CITIC Port exercises the Option pursuant to the Proposed Grant of Option, which is conditional upon Scenario A;, (ii) the Option Exercise Price is RMB50,000,000, being the price cap agreed by the parties; and (iii) the combined aggregate value of RMB642,900,000 being the sum of the Equity Subscription Consideration, Equity Transfer Consideration and the Option Exercise Price is received from CITIC Port

Rule 1006	Bases	Relative Figures (%)
Rule 1006(a)	The NAV of the assets to be disposed of, compared with the Group's NAV as at 31 December 2016[(1)]	51.8%
Rule 1006(b)	The net profits attributable to the assets to be disposed of, compared with the Group's net profits[(2)]	48.4%
Rule 1006(c)	The aggregate value of the net consideration received of RMB192,900,000 received from the Proposed Issue, Proposed Disposal and CITIC Port's Option Exercise pursuant to the Proposed Grant of Option, compared with the Company's market capitalization of S$34.18million (equivalent to approximately RMB168,019,637)[(3)]	114.8%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable

Notes:

(1) Assuming the completion of the Restructuring Exercise has taken place on 31 December 2016, the NAV of the Group and the China Holdco as at 31 December 2016 is RMB337.6 million and RMB527.9 million respectively. Based on the 51% equity interest of the China Holdco to be disposed of under Scenario B, the NAV of the assets to be disposed of is RMB269.2 million. The Group's effective interest of the assets to be disposed of (through HHPL) is 65%. Accordingly, the NAV of the assets to be disposed of is RMB175.0 million.

(2) The China Holdco had been loss making in FY2016. The net loss attributable to the assets disposed of is RMB49.1 million, assuming the completion of the Restructuring Exercise has taken place on 31 December 2016. The net loss of the Group for FY2016 is RMB101.5 million. The relative figure is computed on a loss against loss basis.

(3) The market capitalisation is calculated based on 203,461,883 Shares in issue as at 23 February 2017 (being the last market day that the Company's Shares were transacted, preceding the date of signing of the Transaction Documents) and the volume weighted average price of S$0.168 of the Shares transacted on the SGX-ST on the same date.

Having regard to the above, the Proposed Transactions (including the Option Exercise by CITIC Port) will similarly constitute a "Major Transaction" under Rule 1014 of the Catalist Rules and require Shareholders' approval at the EGM.

4.3 **Shareholders' Approval for the Option**

Under Rule 1018(1) of the Catalist Rules, in the case of an option to acquire or dispose of assets, if the option is not exercisable at the discretion of the Company, shareholder approval is required to be obtained at the time of the grant of the option. The Proposed Grant of Option is subject to Rule 1018(1) of the Catalist Rules for which Shareholders' approval is required.

4.4 **Impact on Listing Status**

Shareholders should note that the Proposed Transactions may have an impact on the listing status of the Company pursuant to the Catalist Rules. As provided in section 3.5 above, in the event that the business development and corporate actions of the China Holdco result in a further partial or complete decrease in the Company's effective equity stake in the China Holdco affecting the ability of the Group to consolidate the accounts of the China Holdco (either upon Completion or upon CITIC Port's Option Exercise on the Option Exercise Date), the Company may have no viable business to maintain its listing status. In any event, the Company will take all necessary steps to ensure full compliance with the listing requirements under the Catalist Rules and all directions from the SGX-ST.

5. FINANCIAL INFORMATION

5.1 **Value of the China Holdco and its subsidiaries**

Assuming that the Restructuring Exercise has been completed and based on the audited financial statements of the Group for FY2016, as at 31 December 2016, the consolidated net asset value represented by 49% of the equity interest in the China Holdco was approximately RMB258,656,396 (equivalent to approximately S$52,620,567). Assuming that the Restructuring Exercise has been completed and based on the audited financial statements of the Group for FY2016, as at 31 December 2016, the consolidated net tangible asset value represented by 49% of the equity interest in the China Holdco was approximately RMB132,564,910 (equivalent to approximately S$26,968,754).

As described above, Valuation was carried out by the Valuer. Based on the Valuation, the total value placed on the China Holdco and its subsidiaries as at 31 December 2016 was RMB777,414,000.

5.2 **Excess of the Consideration over the Book Value**

The Total Consideration, being the sum of the Equity Subscription Consideration and Equity Transfer Consideration, represents an excess of RMB252,820,090 over the audited net tangible asset value of the 49% of the equity interest in the China Holdco as at 31 December 2016.

5.3 **Net Loss Attributable to the Target Companies, and the Gain on the Proposed Issue and Proposed Disposal**

Assuming that the Restructuring Exercise has been completed and the net loss of the China Holdco for the financial year ended 31 December 2016 was approximately RMB96,246,189, the net loss attributable to 49% of the equity interest in the China Holdco is approximately RMB47,160,633. Assuming that the Proposed Issue and Proposed Disposal had been completed on 31 December 2016, the Group would recognize a gain on disposal of approximately RMB73,933,343.

5.4 **Financial Effects**

It is not possible for the Company to realistically calculate or quantify the financial effects of the Proposed Transaction as it would depend on, *inter alia*, the accounting treatment of the Proposed Transactions as aforementioned in section 3.5 and if CITIC Port would exercise the Option.

The financial effects of the Proposed Transactions on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Transactions. The financial effects set out below have been prepared on a *pro forma* basis using the audited financial statement of the Group for the most recently completed financial year, being FY2016.

The *pro forma* financial effects of Scenario A and Scenario B are respectively set out in sections (I) and (II) below so as to illustrate the impact of the Proposed Transactions on the Company.

The illustrative *pro forma* financial effects of Scenario A-1 and Scenario B-1 have been computed based on the assumption that the Company will continue to consolidate the financial results of the China Holdco assuming it fulfils the requirements of the FRS for such consolidation. The illustrative *pro forma* financial effects of Scenario A-2 and Scenario B-2 have been computed based on the assumption that the Company will discontinue to consolidate the financial results of the China Holdco in the event that the Company loses control of the China Holdco pursuant to the relevant provisions of the Financial Reporting Standards resulting in the China Holdco being accounted for as an associate of the Company.

(I) **Scenario A: Proposed Issue and Proposed Disposal**

5.4.1 Share capital

Scenario A has collectively no impact on the Company's share capital. However, as a result of the Proposed Issue and Proposed Disposal, the equity interest of the Company in the China Holdco, held through the Company's 65% subsidiary, HHPL, will be diluted from 100% to 51%.

5.4.2 NTA

Assuming that the Proposed Issue and Proposed Disposal had been completed on 31 December 2016 and based on the Group's audited consolidated financial statements for FY2016, the effects on the NTA per share of the Group are as follows:

As at 31 December 2016	Pre-Scenario A-1	Post-Scenario A-1
NTA (RMB'000)	170,356	326,249[(1)]
Number of issued shares	203,461,883	203,461,883
NTA per share (RMB fen)	83.73	160.35

Note:

(1) NTA calculation:

	RMB
Land Use right	257,329,562
Land Use right based on effective interest Post Scenario A (65% x 51%)	33.15%
Hengyang Petrochemical Logistics Limited share of land use right	85,304,750
Hengyang Petrochemical Logistics Limited Post Scenario A NAV (please refer to the assumptions in section 5.4.4 of this Circular which provides the basis for the derivation of the NAV)	411,553,501
NTA – Hengyang Petrochemical Logistics Limited	326,248,751

As at 31 December 2016	Pre-Scenario A-2	Post-Scenario A-2[1]
NTA (RMB'000)	170,356	411,554[2]
Number of issued shares	203,461,883	203,461,883
NTA per share (RMB fen)	83.73	202.28

Notes:

(1) Assuming no consolidation of the financial results and position of the China Holdco after Completion.

(2) NTA is calculated on the following basis:

	RMB
Land Use right	257,329,562
Land Use right (0% due to deconsolidation)	0%
Land use right – Hengyang Petrochemical Logistics Limited	-
Hengyang Petrochemical Logistics Limited NAV (please refer to the assumptions in section 5.4.4 of this Circular which provides the basis for the derivation of the NAV)	411,553,501
NTA - Hengyang Petrochemical Logistics Limited	411,553,501

5.4.3 LPS

Assuming that the Proposed Issue and Proposed Disposal has taken place on 1 January 2016 and based on the Group's consolidated financial statements for FY2016, the Proposed Issue and Proposed Disposal would have the following effects on the Group's loss per share as presented in the following table:

FY2016	Pre-Scenario A-1	Post-Scenario A-1
Profit/(loss) after tax attributable to Shareholders (RMB'000)	(67,801)	(37,002)[1]
Weighted average number of Shares	203,461,883	203,461,883
Earning/(loss) per Share (RMB fen)	(33.32)	(18.19)

Note:

(1) The Profit/(loss) after tax attributable to Shareholders is calculated on the following basis:

	(RMB'000)
51% Net loss of China Holdco attributable to HHPL	(49,085,556)
+Net loss of HHPL (excluding China Holdco)	(318,849)
Net loss of HHPL (Consolidated)	**(49,404,406)**
65% Net loss attributed from HHPL	(32,112,864)
+Net loss of the Company	(4,889,250)
Net loss of Hengyang Petrochemical Logistics Limited Group	**(37,002,113)**

FY2016	Pre-Scenario A-2	Post-Scenario A-2[1]
Profit/(loss) after tax attributable to Shareholders (RMB'000)	(67,801)	36,931[2]
Weighted average number of Shares	203,461,883	203,461,883
Earning/(loss) per Share (RMB fen)	(33.32)	18.15

Notes:

(1) Assuming no consolidation of the financial results and position of the China Holdco after Completion.

(2) The Profit/(loss) after tax attributable to Shareholders is calculated on the following basis:

	RMB
51% Net loss of China Holdco attributable to HHPL	(49,085,556)
Net loss of HHPL (excluding China Holdco)	(318,849)
Net loss of HHPL (Consolidated)	**(49,404,406)**
65% Net loss attributed from HHPL	(32,112,864)
Net loss of the Company	(4,889,250)
Net loss of the Group	**(37,002,113)**
Gain on disposal of assets (65% of 11.8% share transfer)[3]	73,933,343
Net earnings of the Group	36,931,230

(3) The gain from the Proposed Disposal is RMB48.1 million (the disposal of the 11.8% equity interest in China Holdco from HHPL to CITIC Port) and this resulted in the change of LPS from 18.19 to EPS 18.15.

5.4.4 Gearing

Assuming that the Proposed Issue and Proposed Disposal have been completed on 31 December 2016, the effects on the gearing of the Group are as follows:

As at 31 December 2016	Pre-Scenario A-1	Post-Scenario A-1
Net Debt (RMB'000)	1,196,004	603,104[2]
Shareholders' Funds (RMB'000)	337,620	411,554[3]
Gearing[1] (times)	3.54	1.47

Notes:

(1) "Gearing" means the ratio of net debt to Shareholders' Funds.

(2) Calculated by deducting the Total Consideration RMB642,900,000 from the net debt of the Group as at 31 December 2016 of RMB1,196,004,000.

(3) Shareholders' funds (NAV) is calculated on the following basis:

	RMB
Transaction 1	
CITIC Port RMB450M capital injection	
China Holdco NAV after capital injection	977,870,195
Deemed dilution to become 62.8%	62.8%
HHPL share of China Holdco NAV post dilution at 62.8%	614,102,483
HHPL + Deqiao Singapore company level NAV	25,118,038
Hengyang Petrochemical Logistics Limited (65%)	65%

	RMB
Hengyang Petrochemical Logistics Limited share of HHPL Group NAV post dilution at 65%	415,493,338
Hengyang Petrochemical Logistics Limited company level NAV	(21,822,194)
Hengyang Petrochemical Logistics Limited Group NAV	**393,671,145**
Transaction 2	
Disposal of equity interest 11.8%	
China Holdco enlarged NAV	977,870,195
Disposal of 11.8%	11.8%
11.8% of enlarged share capital for China Holdco	115,388,683
Consideration	142,900,000
Gain on disposal HHPL level	27,511,317
Hengyang Petrochemical Logistics Limited (65%)	65%
Gain on disposal Hengyang Petrochemical Logistics Limited level	17,882,356
HENGYANG PETROCHEMICAL LOGISTICS LIMITED Group NAV after transaction 1 & 2	**411,553,501**

As at 31 December 2016	Pre-Scenario A-2	Post-Scenario A-2[1]
Net Debt (RMB'000)	1,196,004	5,732[3]
Shareholders' Funds (RMB'000)	337,620	411,554[4]
Gearing[2] (times)	3.54	0.01

Notes:

(1) Assuming no consolidation of the financial results and position of the China Holdco after Completion.

(2) "Gearing" means the ratio of net debt to Shareholders' Funds.

(3) Net debt is calculated on the following basis:

	RMB
Net debt pre-scenario A	1,196,004,000
Less: Net debt — China Holdco	1,190,271,882
Net debt — post-scenario A	5,732,118

(4) Shareholders' fund (NAV) calculation:

	RMB
Transaction 1	
CITIC Port RMB450M capital injection	
China Holdco NAV after capital injection	977,870,195
Deemed dilution to become 62.8%	62.8%
HHPL share of China Holdco NAV post dilution at 62.8%	614,102,483
HHPL + Deqiao Singapore company level NAV	25,118,038
Hengyang Petrochemical Logistics Limited (65%)	65%
Hengyang Petrochemical Logistics Limited share of HHPL Group NAV post dilution at 65%	415,493,338
Hengyang Petrochemical Logistics Limited company level NAV	(21,822,194)
Hengyang Petrochemical Logistics Limited Group NAV	**393,671,145**

	RMB
Transaction 2	
Disposal of equity interest 11.8%	
China Holdco enlarged NAV	977,870,195
Disposal of 11.8%	11.8%
11.8% of enlarged share capital for China Holdco	115,388,683
Consideration	142,900,000
Gain on disposal HHPL level	27,511,317
Hengyang Petrochemical Logistics Limited (65%)	65%
Gain on disposal Hengyang Petrochemical Logistics Limited level	17,882,356
Hengyang Petrochemical Logistics Limited Group NAV after transaction 1 & 2	**411,553,501**

5.4.5 NAV

Assuming that the Proposed Issue and Proposed Disposal had been completed on 31 December 2016, the effects on the NAV per share of the Group are as follows:

As at 31 December 2016	Pre-Scenario A-1	Post-Scenario A-1
Net Assets Value (RMB'000)	337,620	411,554(1)
Weighted average number of Shares	203,461,883	203,461,883
NAV per share (RMB fen)	165.94	202.28

Note:

(1) Please refer to Note (3) of the first table in section 5.4.4 above for the relevant computation.

As at 31 December 2016	Pre-Scenario A-2	Post-Scenario A-2
Net Assets Value (RMB'000)	337,620	411,554(1)
Weighted average number of Shares	203,461,883	203,461,883
NAV per share (RMB fen)	165.94	202.28

Note:

(1) Please refer to Note (4) of the second table in section in 5.4.4 above for the relevant computation.

(II) **Scenario B: Proposed Issue, Proposed Disposal and Option Exercise by CITIC Port pursuant to the Proposed Grant of Option**

5.4.6 Share capital

Scenario B has collectively no impact on the Company's share capital. However, as a result of the Proposed Issue, Proposed Disposal and Option Exercise, the equity interest of the Company in the China Holdco, held through the Company's 65% subsidiary, HHPL, will be diluted from 100% to 49%.

5.4.7 NTA

Assuming that the Proposed Issue, Proposed Disposal and Option Exercise had been completed on 31 December 2016 and based on the Group's audited consolidated financial statements for FY2016, the effects on the NTA per share of the Group are as follows:

As at 31 December 2016	Pre-Scenario B-1	Post-Scenario B-1
NTA (RMB'000)	170,356	349,382[(1)]
Number of issued shares	203,461,883	203,461,883
NTA per share (RMB fen)	83.73	171.72

Note:

(1) NTA was derived on the following basis:

	RMB
Land Use right	257,329,562
Land Use right based on effective interest Post Scenario A (65% X 49%)	31.85%
Land use right – Hengyang Petrochemical Logistics Limited	81,959,466
Hengyang Petrochemical Logistics Limited NAV	431,341,188
NTA - Hengyang Petrochemical Logistics Limited	349,381,723

As at 31 December 2016	Pre-Scenario B-2	Post-Scenario B-2[(1)]
NTA (RMB'000)	170,356	431,341[(2)]
Number of issued shares	203,461,883	203,461,883
NTA per share (RMB fen)	83.73	212.00

Notes:

(1) Assuming no consolidation of the financial results and position of the China Holdco after HHPL dilutes its shareholding in the China Holdco to 49% as a result of the Proposed Transactions.

(2) NTA was derived on the following basis:

	RMB
Land Use right	257,329,562
Land Use right (0% due to deconsolidation)	0%
Land use right – Hengyang Petrochemical Logistics Limited	-
Hengyang Petrochemical Logistics Limited NAV	431,341,188
NTA - Hengyang Petrochemical Logistics Limited	431,341,188

5.4.8 LPS

Assuming that the Proposed Issue, Proposed Disposal and Option Exercise has taken place on 1 January 2016 and based on the Group's consolidated financial statements for FY2016, the Proposed Issue, Proposed Disposal and Option Exercise would have the following effects on the Group's loss per share as presented in the following table:

FY2016	Pre-Scenario B-1	Post-Scenario B-1
Profit/(loss) after tax attributable to Shareholders (RMB'000)	(67,801)	(35,751)[(1)]
Weighted average number of Shares	203,461,883	203,461,883
Earning/(loss) per Share (RMB fen)	(33.32)	(17.57)

Note:

(1) The calculation of Profit/(loss) after tax attributable to Shareholders:

	(RMB'000)
49% Net loss of China Holdco attributable to HHPL	(47,160,633)
+Net loss of HHPL excluding China Holdco)	(318,849)
Net loss of HHPL (Consolidated)	(47,479,482)
65% Net loss attributated from HHPL	(30,861,663)
+Net loss of Hengyang Petrochemical Logistics Limited Company	(4,889,250)
Net loss of Hengyang Petrochemical Logistics Limited Group	(35,750,913)

FY2016	**Pre-Scenario B-2**	**Post-Scenario B-2(1)**
Profit/(loss) after tax attributable to Shareholders (RMB'000)	(67,801)	57,970(2)
Weighted average number of Shares	203,461,883	203,461,883
Earning/(loss) per Share (RMB fen)	(33.32)	28.49

Notes:

(1) Assuming no consolidation of the financial results and position of the China Holdco after HHPL dilutes its shareholding in the China Holdco to 49% as a result of the Proposed Transactions.

(2) The calculation of Profit/(loss) after tax attributable to Shareholders:

	RMB
49% Net loss of China Holding attributable to HHPL	(47,160,633)
Net loss of HHPL excluding Chinaholding)	(318,849)
Net loss of HHPL(Consolidated)	(47,479,482)
65% Net loss attributed from HHPL	(30,861,663)
Net loss of the Company	(4,889,250)
Net loss of the group	(35,750,913)
Gain on disposal of assets (65% of 13.8% share transfer)(3)	93,721,030
Net earning of the Group	57,970,118

(3) The gain from the Proposed Disposal is RMB60.9 million (the disposal of the 11.8% equity interest in China Holdco from HHPL to CITIC Port) and this resulted in the change of LPS from 17.57 to EPS 28.49.

5.4.9 Gearing

Assuming that the Proposed Issue, Proposed Disposal and Option Exercise have been completed on 31 December 2016, the effect of Scenario B on the gearing of the Group as at 31 December 2016 would have been as follows:

As at 31 December 2016	**Pre-Scenario B-1**	**Post-Scenario B-1**
Net Debt (RMB'000)	1,196,004	553,104(2)
Shareholders' Funds (RMB'000)	337,620	431,341(3)
Gearing(1) (times)	3.54	1.28

Notes:

(1) "Gearing" means the ratio of net debt to Shareholders' Funds.

(2) Calculated by deducting the Total Consideration from the net debt of the Group as at 31 December 2016 of RMB1,196,004,000.

(3) Shareholders' funds (NAV) is calculated on the following basis:

	RMB
Transaction 1	
CITIC Port RMB450M capital injection	
China Holdco NAV after capital injection	977,870,195
Deemed dilution to become 62.8%	62.8%
HHPL share of China Holdco NAV post dilution at 62.8%	614,102,483
HHPL + Deqiao Singapore company level NAV	25,118,038
Hengyang Petrochemical Logistics Limited (65%)	65%
Hengyang Petrochemical Logistics Limited share of HHPL Group NAV post dilution at 65%	415,493,338
Hengyang Petrochemical Logistics Limited company level NAV	(21,822,194)
Hengyang Petrochemical Logistics Limited Group NAV	**393,671,145**
Transaction 2	
Disposal of equity interest 13.8%	
China Holdco enlarged NAV	977,870,195
Disposal of 13.8%	13.8%
13.8% of enlarged share capital for China Holdco	134,946,087
Consideration	192,900,000
Gain on disposal HHPL level	57,953,913
Hengyang Petrochemical Logistics Limited (65%)	65%
Gain on disposal Hengyang Petrochemical Logistics Limited company level	37,670,043
HENGYANG PETROCHEMICAL LOGISTICS LIMITED NAV after transaction 1 & 2	**431,341,188**

As at 31 December 2016	Pre-Scenario B-2	Post-Scenario B-2(1)
Net Debt (RMB'000)	1,196,004	5,732(3)
Shareholders' Funds (RMB'000)	337,620	431,341(4)
Gearing(2) (times)	3.54	0.01

Notes:

(1) Assuming no consolidation of the financial results and position of the China Holdco after HHPL dilutes its shareholding in the China Holdco to 49% as a result of the Proposed Transactions.

(2) "Gearing" means the ratio of net debt to Shareholders' Funds.

(3) Net debt is calculated on the following basis:

	RMB
Net debt pre-scenario B	1,196,004,000
Less: Net debt — China Holdco	1,190,271,882
Net debt — post-scenario B	5,732,118

(4) Shareholders' fund (NAV) is calculated on the following basis:

	RMB
Transaction 1	
CITIC Port RMB450M capital injection	
China Holdco NAV after capital injection	977,870,195
Deemed dilution to become 62.8%	62.8%
HHPL share of China Holdco NAV post dilution at 62.8%	614,102,483
HHPL + Deqiao Singapore company level NAV	25,118,038
Hengyang Petrochemical Logistics Limited (65%)	65%
Hengyang Petrochemical Logistics Limited share of HHPL Group NAV post dilution at 65%	415,493,338
Hengyang Petrochemical Logistics Limited company level NAV	(21,822,194)
Hengyang Petrochemical Logistics Limited Group NAV	**393,671,145**
Transaction 2	
Disposal of equity interest 13.8%	
China Holdco enlarged NAV	977,870,195
Disposal of 13.8%	13.8%
13.8% of enlarged share capital for China Holdco	134,946,087
Consideration	192,900,000
Gain on disposal HHPL level	57,953,913
Hengyang Petrochemical Logistics Limited (65%)	65%
Gain on disposal HENGYANG PETROCHEMICAL LOGISTICS LIMITED company level	37,670,043
HENGYANG PETROCHEMICAL LOGISTICS LIMITED NAV after transaction 1 & 2	**431,341,188**

5.4.10 NAV

Assuming that the Proposed Issue, Proposed Disposal and Option Exercise had been completed on 31 December 2016, the effects on the NAV per share of the Group are as follows:

As at 31 December 2016	Pre-Scenario B-1	Post-Scenario B-1
Net Assets Value (RMB'000)	337,620	431,341
Weighted average number of Shares	203,461,883	203,461,883
NAV per share (RMB fen)	165.94	212.00

Note:

(1) Please refer to Note (3) of the first table in section 5.4.9 above for the relevant computation.

As at 31 December 2016	Pre-Scenario B-2	Post-Scenario B-2
Net Assets Value (RMB'000)	337,620	431,341
Weighted average number of Shares	203,461,883	203,461,883
NAV per share (RMB fen)	165.94	212.00

Notes:

(1) Assuming no consolidation of the financial results and position of the China Holdco after HHPL dilutes its shareholding in the China Holdco to 49% as a result of the Proposed Transactions.

(2) Please refer to Note (4) of the second table in section 5.4.9 above for the relevant computation.

6. RATIONALE AND USE OF PROCEEDS

6.1 Given that the China Holdco and its subsidiaries are in the business of building, owning and operating petrochemical terminals, including petrochemical port facilities and oil product storage tanks and providing warehousing and logistics services for third parties and land transportation in China, the joint venture between HHPL and CITIC Port will allow the China Holdco to expand its existing operations in China. HHPL and CITIC Port may leverage on each other's expertise and strong track records to expand and/or strengthen their local and overseas markets in the petrochemical logistics services industry and to add value to each other's business operations.

6.2 The China Holdco and its subsidiaries are likely to benefit from lower financing costs in China after CITIC Port becomes an investment partner.

6.3 The Proposed Transactions will provide for an injection of funds (comprising of at least the Equity Subscription Consideration and Equity Transfer Consideration) which is necessary for the Group to accelerate its project development and reduce the Group's debt to equity gearing ratio to a reasonable level.

6.4 The Group intends to use the net proceeds of the Proposed Issue and Proposed Disposal to strengthen its capital bases, support its existing business development and provide liquidity for business expansion through acquisitions, joint ventures and collaborations as and when opportunities arise.

6.5 The estimated costs and expenses related to the Proposed Issue and Proposed Disposal is approximately S$3,000,000. The Company intends to use the net proceeds from the Proposed Issue and Proposed Disposal for the following purposes:

Use of net proceeds	Dollar Amount of net proceeds (S$'000)	Percentage of net proceeds
Investments and mergers and acquisitions	14,241	10.9%
Working capital (including repayment of trade payables, shareholders loans, loans extended by CITIC)	108,005	82.6%
Business expansion	8,544	6.5%
Total	130,790	100%

The Company intends to use part of the net proceeds allocated for working capital for, *inter alia*, the repayment of trade payables, shareholders loans and loans extended by CITIC Port in the ordinary course of business.

6.6 Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be placed as deposits with financial institutions or invested in short-term money markets or used for any other purposes on a short-term basis.

7. SERVICE CONTRACTS

No person will be appointed as a Director of the Company in connection with the Proposed Transactions and accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Direct interest		Deemed interest	
	No. of Shares	%[3]	No. of Shares	%[3]
Directors				
Gu Wen Long	-	-	114,100,000[1]	56.08
Tee Tuan Sem	-	-	-	-
Xie Yu	1,950,000	0.96	-	-
Diong Tai Pew	475,300	0.23	-	-
Anthony Ng Koon Leng	-	-	-	-
Ho Chew Thim	-	-	-	-
Substantial Shareholders				
Foreversun Holdings[2]	114,100,000	56.08	-	-
Integrated Logistics (H.K.) Ltd	52,500,000	25.80	-	-

Notes:

(1) Gu Wen Long owns the entire issued registered capital of Foreversun Holdings Co., Ltd and is therefore deemed to be interested in the shares of the Company held by Foreversun Holdings Co., Ltd by virtue of Section 7 of the Companies Act.

(2) Of the 114,100,000 shares of the Company in which Foreversun Holdings Co., Ltd has an interest, 20,000,000 shares are held through Citibank Nominees Singapore Pte Ltd.

(3) Based on the issued share capital of the Company of 203,461,883 shares as at the Latest Practicable Date.

8.2 **Payment of success fees to Jadestone, being an interested person transaction under Chapter 9 of the Catalist Rules**

Pursuant to a consultancy agreement entered into by and between the Company, HHPL, Mr Gu and Jadestone Development Limited ("**Jadestone**") on 23 May 2016 ("**Consultancy Agreement**"), the Company shall pay Jadestone a success fee of 1% in cash of the total investment amount received by the Group, which together with the aggregate amount of consultancy fees paid to Jadestone pursuant to the Consultancy Agreement (excluding any directors fees paid to Mr Xie Yu), shall not in any event exceed 3% of the Group's audited net tangible assets ("**NTA**") in FY2015 (being RMB7.0 million).

Accordingly, a success fee not exceeding RMB6.43 million will be payable to Jadestone in respect of the Proposed Transactions as follows:

(a) upon Completion and receipt of Equity Subscription Consideration and Equity Transfer Consideration by the Group, a success fee of approximately RMB5.93 million shall be payable to Jadestone.

(b) upon the Option Exercise by CTIC Port (which can only be exercised within a one (1) year period after the expiration of two (2) years from the Completion Date) and receipt of Option Exercise Price (which shall not exceeding RMB50 million) by the Group, an additional success fee not exceeding RMB0.5million shall be payable to Jadestone.

Mr Xie Yu, who is a non-executive director of the Company, is also the ultimate shareholder of Jadestone.

The Company notes that any payment of fees to Jadestone pursuant to the Consultancy Agreement would be subject to compliance with Chapter 9 of the Catalist Rules as Jadestone is deemed to be an "interested person" of the Company for the purposes of Chapter 9 of the Catalist Rules.

The audited NTA of the Group as at 31 December 2016 is RMB170.4 million. The RMB5.93 million success fees, representing approximately 3.5% of the Group's audited NTA as at 31 December 2016, exceeds the relevant threshold of 3.0% under Rule 905(1) of the Catalist Rules. The maximum success fees, i.e. RMB6.43 million, that may be payable under the Consultancy Agreement, represented approximately 3.8% of the Group's audited NTA as at 31 December 2016.

The Company wishes to provide details of the aforementioned interested person transaction with Jadestone as follows:-

(1) Details of the transaction including relevant terms of the transaction, and the bases on which the terms were arrived at.

The salient points of the Consultancy Agreement are as follows:

i. The appointment of Jadestone is effective for a period of three (3) years from 23 May 2016.

ii. If the Group enters into investment agreements (including but not limited to equity financing, debt financing, convertible debt financing, equity acquisition, asset acquisition) with any investors sourced by Jadestone and/or obtains investments within one (1) year from Jadestone's appointment date, the Group shall pay success fees pursuant to the terms of the Consultancy Agreement.

iii. A success fee of 1% in cash of the total investment amount received by the Group, which together with the aggregate amount of consultancy fees paid to Jadestone pursuant to the Consultancy Agreement (excluding any directors fees paid to Mr Xie Yu), shall not in any event exceed 3% of the Group's audited NTA in FY2015, and shall be payable to Jadestone within 15 working days after the Group receives the investment sum.

iv. In the event that the Group fails to pay the success fees in time, daily interest at 0.05% shall be charged on the unpaid amount of the success fees.

v. The Consultancy Agreement cannot be terminated by either party without any legitimate reason.

vi. In the event that the Group terminates any potential investment after the potential investor has signed a letter of intent and commenced due diligence, the Group shall, based on Jadestone's actual working time, pay a monthly fee of S$5,500 as remuneration.

The rate of the success fees was based on commercial terms and negotiated on an arm's length basis, after taking into consideration the difficult credit and economic environment.

(2) The rationale for, and benefit to, the entity at risk.

As stated in the financial statements for the financial period ended 31 March 2016 released on 15 May 2016, the Company was expecting a difficult and challenging year 2016, made even more so by the industrial fire which occurred on 22 April 2016 at the storage facility of the Company's subsidiary company, Jiangsu Deqiao Storage Co., Ltd. The Consultancy Agreement, and the resulting payment of success fees to Jadestone pursuant to the Consultancy Agreement in the event of any successful capital raising resulting from Jadestone's efforts, would enhance the Company's fund raising capability in the difficult credit environment for use. As such, the Board of Directors of the Company, at the board meeting held on 12 May 2016, decided to engage Jadestone to assist in sourcing for potential investors.

(3) The Audit Committee's View

The Audit Committee of the Company is of the view that the above interested person transactions with Jadestone had been carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

(4) Aggregate Value of Interested Person Transactions with Mr. Xie Yu for FY2017

Save as disclosed, the Company does not have any other interested person transaction with Mr Xie Yu for the current FY2017 up to the Latest Practicable Date.

8.3 **Interest of Directors in the Proposed Transactions**

Save as disclosed above, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Transaction Documents or the Proposed Transactions, other than through their respective shareholdings in the Company.

9. DIRECTORS' RECOMMENDATION

Having considered and reviewed, *inter alia*, the terms and conditions for the Proposed Transactions and having regard to all other relevant information set out in this Circular including the rationale for the Proposed Transactions, the Directors (other than Mr Xie Yu who has abstained from making a recommendation) are of the opinion that the Proposed Transactions are fair and reasonable and are in the best interests of the Company and its Shareholders and accordingly, recommend that the Shareholders vote in favour of the Proposed Resolution set out in the Notice of EGM.

Mr Xie Yu has abstained from making any recommendations on the Proposed Resolution set out in the Notice of EGM.

10. ABSTENTION FROM VOTING

Mr Xie Yu, will abstain from voting his shareholding, and has undertaken to ensure that his associates (if any) will abstain from voting, in respect of their respective shareholding in the Company and will not accept nominations as proxy or otherwise for voting in respect of the Proposed Resolution set out in the Notice of EGM.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in pages 35 to 36 of this Circular, will be held at Violet Room, The Chevrons, 48 Boon Lay Way, Singapore 609961 on 28 April 2017 at 9.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification the Proposed Resolution set out in the Notice of EGM.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 8 Robinsons Road #13-00 ASO Building, Singapore 048544, not later than 48 hours before the time fixed for holding the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, and the Company and its subsidiaries which are relevant to the Proposed Transactions, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 8 Robinson Road, #13-00 ASO Building, Singapore 048544 during normal business hours from the date of this Circular up to the date of the EGM:

(a) the Constitution of the Company;

(b) the Valuation Report; and

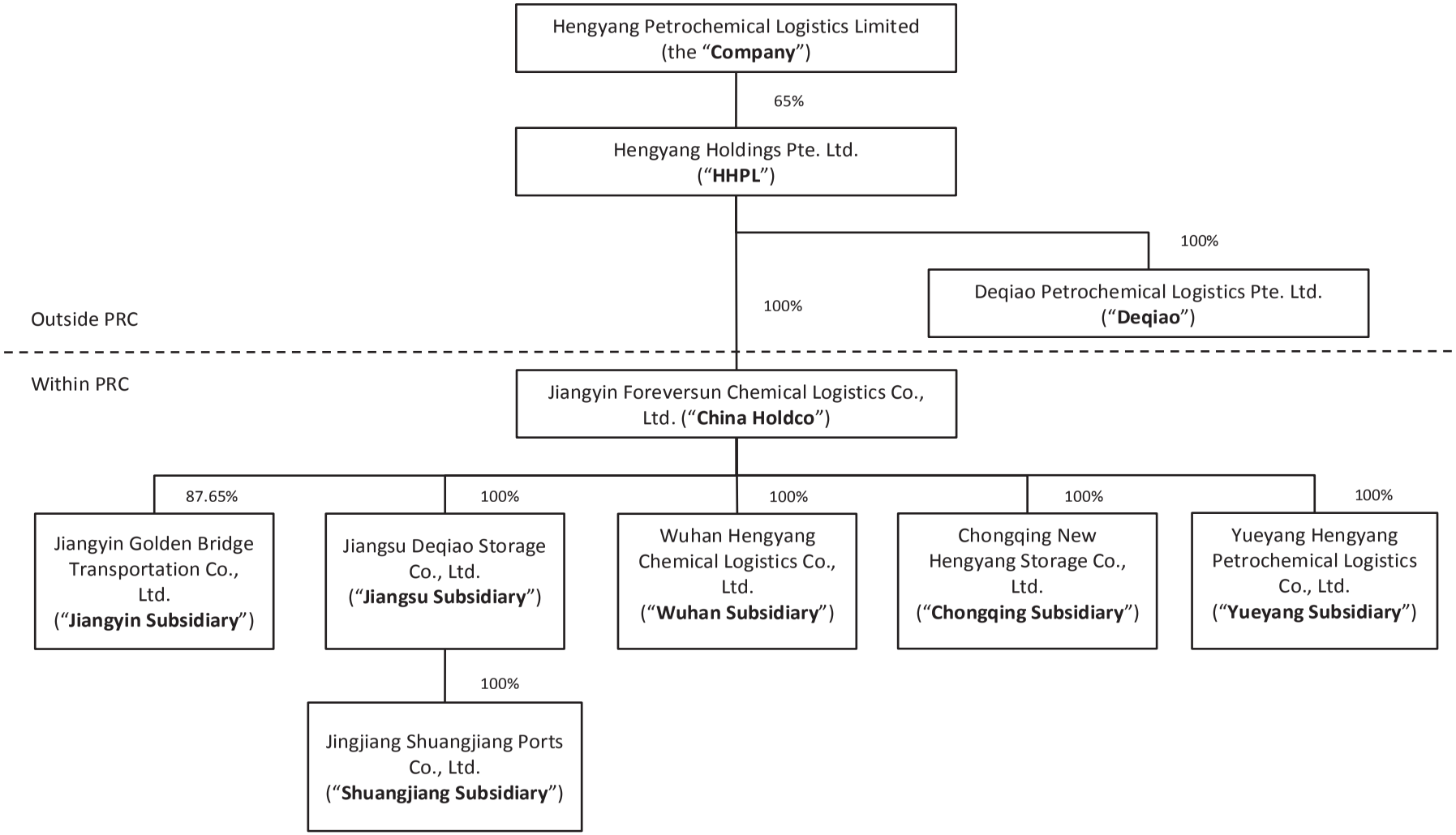
(c) the Transaction Documents comprising of the Subscription Agreement, Equity Transfer Agreement, and Shareholders Agreement.

Yours faithfully

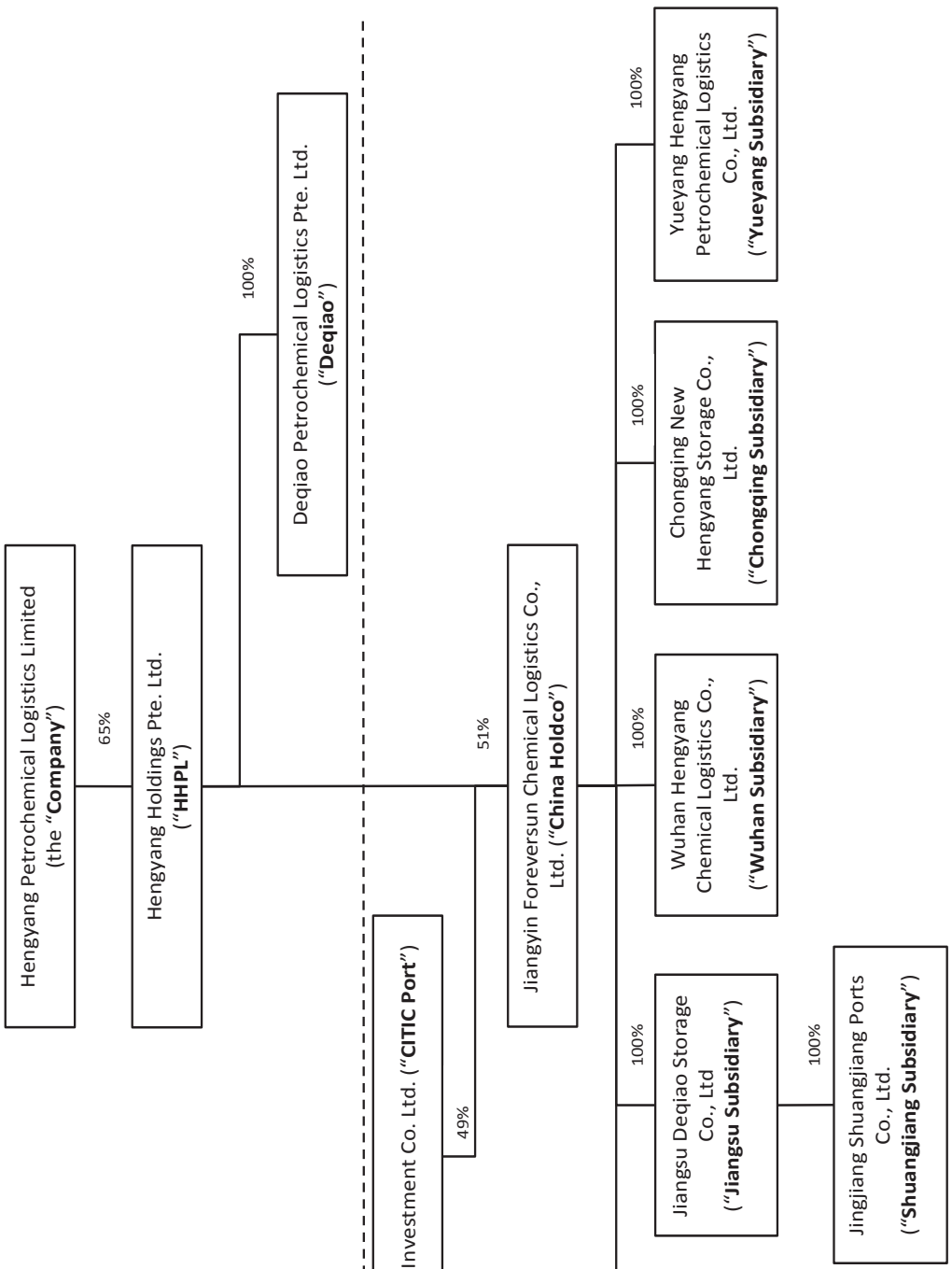
For and on behalf of the Board of Directors
Hengyang Petrochemical Logistics Limited

Gu Wen Long
Executive Chairman and Chief Executive Officer

Part A – Corporate Structure of the Group as at the Latest Practicable Date



Part B – Corporate Structure of the Group immediately after Completion



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Hengyang Petrochemical Logistics Limited (the "**Company**") will be held on 28 April 2017 at 9.00 a.m. at Violet Room, The Chevrons, 48 Boon Lay Way, Singapore 609961 for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

*All capitalised terms in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular dated 13 April 2017 (the "**Circular**") to the Shareholders of the Company.*

ORDINARY RESOLUTION:-

(1) **THE PROPOSED ISSUE OF EQUITY INTEREST IN JIANGYIN FOREVERSUN CHEMICAL LOGISTICS CO., LTD. ("CHINA HOLDCO"), A SUBSIDIARY HELD BY THE COMPANY THROUGH HENGYANG HOLDING PTE. LTD. ("HHPL") AND EQUITY SUBSCRIPTION BY CITIC PORT INVESTMENT CO., LTD. ("CITIC PORT") AN INCOMING INVESTOR;**

(2) **THE PROPOSED DISPOSAL OF THE CHINA HOLDCO'S EQUITY INTEREST HELD BY HHPL TO CITIC PORT; AND**

(3) **THE PROPOSED GRANT OF OPTION TO CITIC PORT FOR EQUITY SUBSCRIPTION IN THE CHINA HOLDCO**

(COLLECTIVELY, THE "PROPOSED TRANSACTIONS")

THAT:

(a) approval be and is hereby given for HHPL and the China Holdco to fulfill their rights and obligations under the Subscription Agreement, Equity Transfer Agreement and Shareholders Agreement with CITIC Port pursuant to which (i) the China Holdco shall issue equity interest and CITIC Port shall subscribe for 37.2% of the enlarged equity interest of the China Holdco for an aggregate consideration of RMB450,000,000; (ii) 11.8% of the equity interest in the registered capital of the China Holdco held by HHPL shall be disposed to CITIC Port for an aggregate consideration of RMB142,900,000; and (iii) an option to subscribe for an additional 2% of the equity interest in the China Holdco shall be granted to CITIC Port which, upon exercise by CITIC Port for an aggregate consideration not exceeding RMB50,000,000 will result in CITIC Port acquiring 51% of the entire equity interest in the China Holdco on the terms and conditions set out in this Circular; and

(b) authority be and is hereby given to any of the Directors to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Transactions and/or any part of this ordinary resolution; with full power to assent to any conditions, modifications, revaluations, variations including but not limited to any amendments as may be required by any relevant authority/authorities or persons.

By Order of the Board
Hengyang Petrochemical Logistics Limited

Gu Wen Long
Executive Chairman and Chief Executive Officer

13 April 2017

Notes:

(1) (a) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

(b) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(2) The instrument or form appointing a proxy, duly executed, must be deposited at the registered office of the Company at 8 Robinsons Road #13-00 ASO Building, Singapore 048544, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting in order for the proxy to be entitled to attend and vote at the Extraordinary General Meeting.

(3) A member of the Company, which is a corporation, is entitled to appoint its authorized representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(4) PERSONAL DATA PRIVACY By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary 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, 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.

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

IMPORTANT

1. For investors who have used their CPF monies ("CPF Investors") and/or their SRS monies ("SRS Investors") to buy the Company's shares, this Circular is sent to them at the request of their CPF and/or SRS Approved Nominees (as the case may be) solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the EGM in person. CPF Investors and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the EGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the EGM.

I/We _____ (Name)

_____ (NRIC No./Passport No./Company Registration No.)

of _____ (Address)

being a *member/members of **HENGYANG PETROCHEMICAL LOGISTICS LIMITED** (the "**Company**"), hereby appoint:

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings (%)

*and/or

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Extraordinary General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting ("**EGM**") of the Company to be held on 28 April 2017 at 9.00 a.m. at Violet Room, The Chevrons, 48 Boon Lay Way, Singapore 609961 or at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the EGM as indicated hereunder with an "x" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

* Please delete accordingly

NO.	ORDINARY RESOLUTION	For	Against
1	**To approve the following transactions:** **(a) THE PROPOSED ISSUE OF EQUITY INTEREST IN JIANGYIN FOREVERSUN CHEMICAL LOGISTICS CO., LTD. ("CHINA HOLDCO"), A SUBSIDIARY HELD BY THE COMPANY THROUGH HENGYANG HOLDING PTE. LTD. ("HHPL") AND EQUITY SUBSCRIPTION BY CITIC PORT INVESTMENT CO., LTD. ("CITIC PORT") AN INCOMING INVESTOR;** **(b) THE PROPOSED DISPOSAL OF THE CHINA HOLDCO'S EQUITY INTEREST HELD BY HHPL TO CITIC PORT; AND** **(c) THE PROPOSED GRANT OF OPTION TO CITIC PORT FOR EQUITY SUBSCRIPTION IN THE CHINA HOLDCO**		

Note:

1 Please indicate your vote "For" or "Against" with an "x" within the box provided

2 If you wish to exercise all your votes "For" or "Against", please indicate with an "x" within the box provided. Alternatively, please indicate the number of votes as appropriate

All capitalised terms used in this Proxy Form which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Company's Circular to Shareholders dated 13 April 2017 (including supplements and modifications thereto).

Dated this _____ day of _____ 2017.

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

_____

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

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 (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 (a) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

(b) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 8 Robinsons Road #13-00 ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the meeting.

4 Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7 A corporation that 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 meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

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

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