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HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FINANCIAL PERIOD ENDED 30 JUNE 2020 ("1H2020")

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

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

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

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

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

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

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

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

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 June 2020

	Group		
	1H2020 (Unaudited) RMB'000	1H2019 (Unaudited) RMB'000	% (+/-)
Other income	5,409	924	485.4
Administrative and other expenses	(1,947)	(2,025)	(3.9)
Share of result of joint venture	(20,824)	(12,264)	(69.8)
Loss before tax	**(17,362)**	**(13,365)**	**(29.9)**
Income tax expense	-		nm
Net loss for the financial year	**(17,362)**	**(13,365)**	**(29.9)**
Loss attributable to:			
Owners of the parent	(11,399)	(9,190)	(24.0)
Non-controlling interests	(5,963)	(4,175)	(42.8)
	(17,362)	**(13,365)**	**(29.9)**
Total Comprehensive Loss attributable to:			
Owners of the parent	(11,399)	(9,190)	(24.0)
Non-controlling interests	(5,963)	(4,175)	(42.8)
	(17,362)	**(13,365)**	**(29.9)**

Note: nm denotes not meaningful.

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 June 2020

Income Statement of China Holdco Group for the Six months ended 30 June 2020:

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

	1H2020 (Unaudited) RMB'000	1H2019 (Unaudited) RMB'000
Revenue[1]	**526,777**	**467,925**
Cost of sales	(526,738)	(447,961)
Gross profit[2]	**39**	**19,964**
Other income	2,219	1,277
Administrative and other expenses	(24,257)	(25,215)
Finance costs[3]	(16,261)	(13,049)
Loss before tax	**(38,260)**	**(17,023)**
Income tax expense	(642)	(4,705)
Loss for the financial year	**(38,902)**	**(21,728)**
Non-controlling interest	(195)	194
Owners of China Holdco	**(38,707)**	**(21,922)**
51% share proportion	51%	51%
Share of result of China Holdco	**(19,740)**	**(11,180)**
Depreciation and amortisation on fair value adjustment[4]	(1,084)	(1,084)
Share of result of joint venture	**(20,824)**	**(12,264)**

Note1: Jiangsu Xinheng Supply Chain Management Service Co., Ltd. generated a trading revenue of RMB429.3 million in 1H2020, it has increased by RMB93 million compared with that of RMB336.3 million in 1H2019.

Revenue from Transport segment decreased by RMB23.15 million from RMB62.61 million in 1H2019 to RMB39.46million in 1H2020. Due to the impact of Covid-19, distribution in China was affected by road control and customers mainly choose short barge transportation, and also the lower unit price of freight compared with the previous year.

Revenue from Storage segment decreased by RMB14.03 million from RMB74.94million in 1H 2019 to RMB60.91 million in 1H2020. It is mainly due to:

(a) RMB3.43 million decrease in revenue from Jiangyin Foreversun Chemical Logistics Co., Ltd., as a result of the loss of one of its main customers;

(b) RMB6.07 million decrease in revenue from Yueyang Hengyang Petrochemical Logistics Co., Ltd. Mainly due to the impact of the Spring Festival and the Covid-19;

(c) RMB3.83 million decrease in revenue from Wuhan Hengyang Petrochemical Logistics Co., Ltd. It is mainly resulted from the impact of the outbreak of Covid-19.

Note2: The decrease in gross profit is due to a significant shift in the mix of the revenue generated during the quarter.Even though there was a RMB93 million increase in the revenue from the trading activities, the low gross profit generated was not sufficient to offset the loss of margin from the storage sector.

Note3: The finance cost increased by RMB3.21 million from RMB13.05 million in 1H2019 to RMB16.26million in 1H2020 was mainly due to an increase in loans utilizations.

Note4: The fair value adjustment arose from the initial recognition in May 2017 from fair value adjustment on property, plant and equipment and land use rights of the joint venture, and amortized over the useful life of these assets of the joint-venture.

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 June 2020

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

	Group		Company	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Investments in subsidiaries	-	-	267,472	267,472
Investment in joint venture	515,647	536,471	-	-
Right of use asset	23	49	-	-
	515,670	536,520	267,472	267,472
Current assets				
Other receivables	15	15	-	-
Interest income receivable	154	-	-	-
Amount owing by related parties	193	195	6	6
Amount owing by subsidiaries	-	-	10,965	10,851
Cash and cash equivalents	83,666	84,845	46,226	47,516
	84,028	85,055	57,197	58,373
Less:				
Current liabilities				
Other payables	1,066	1,163	636	809
Amount owing to directors	746	771	746	771
Amount owing to a subsidiary	-	-	30,489	31,043
Derivative financial instruments	-	4,366	-	-
Lease Liability	23	50	-	-
	1,835	6,350	31,871	32,623
Net current assets	82,193	78,705	25,326	25,750
Less:				
Non-current liability				
Derivative financial instrument	-	-	-	-
Net assets	597,863	615,225	292,798	293,222
Equity				
Share capital	289,064	289,064	289,064	289,064
Other reserve	83,004	83,004	-	-
Retained earnings	25,441	36,840	3,834	4,158
Equity attributable to owners of the parent	397,509	408,908	292,898	293,222
Non-controlling interests	200,354	206,317	-	-
Total equity	597,863	615,225	292,898	293,222

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

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

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 June 2020

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

	Group	
	1H2020 (Unaudited) RMB'000	1H2019 (Unaudited) RMB'000
Operating activities		
Loss before income tax	(17,362)	(13,365)
Adjustments for:		
Depreciation of right of use assets	26	11
Share of result of joint venture	20,824	12,264
Interest income	(1,043)	-
Derecognition of financial instrument	(4,366)	-
Interest expense	1	1
Operating cash flows before working capital changes	(1,920)	(1,089)
Working capital changes:		
Other receivables (including related parties)	2	(4)
Other payables (including directors and related parties)	(122)	(332)
Cash used in operations	(2,040)	(1,425)
Income tax	-	-
Net cash used in operating activities	(2,040)	(1,425)
Investing activity		
Interest received	889	-
Net cash generated from investing activity	889	-
Financing activities		
Principal element of lease payments	(27)	(11)
Interest expense	(1)	(1)
Net cash used in financing activities	(28)	(12)
Net change in cash and cash equivalents	(1,179)	(1,437)
Cash and cash equivalents at the beginning of the financial year	84,845	87,851
Cash and cash equivalents at end of the financial year	83,666	86,414

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

Company (RMB'000)	**Share capital**	**Retained earnings**	**Total equity**
(Unaudited)			
Balance as at 1 January 2020	**289,064**	**4,158**	**293,222**
Profit for the period	**-**	1,141	1,141
Balance as at 31 March 2020	**289,064**	**5,299**	**294,363**
Loss for the period		(1,465)	(1,465)
Balance as at 30 June 2020	**289,064**	**3,834**	**292,898**
Company (RMB'000)			
(Unaudited)			
Balance as at 1 January 2019	**289,064**	**7,188**	**296,252**
Loss for the period	**-**	(29)	(29)
Balance as at 31 March 2019	**289,064**	**7,159**	**296,223**
Loss for the period	-	(1,406)	(1,406)
Balance as at 30 June 2019	**289,064**	**5,753**	**294,817**

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 June 2020

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
Group (RMB'000)	**Share capital**	**Other reserve**	**Retained earnings**	**Equity attributable to owners of the parent**	**Non-controlling Interests**	**Total equity**
(Unaudited)						
Balance as at 1 January 2020	**289,064**	**83,004**	**36,840**	**408,908**	**206,317**	**615,225**
Total comprehensive loss for the period		-	(9,078)	(9,078)	(5,502)	(14,580)
Balance as at 31 March 2020	**289,064**	**83,004**	**27,762**	**399,830**	**200,815**	**600,645**
Total comprehensive loss for the period		-	(2,321)	(2,321)	(461)	(2,782)
Balance as at 30 June 2020	**289,064**	**83,004**	**25,441**	**397,509**	**200,354**	**597,863**
(Unaudited)						
Balance as at 1 January 2019	**289,064**	**83,004**	**61,492**	**433,560**	**217,960**	**651,520**
Total comprehensive loss for the period	-	-	(5,637)	(5,637)	(3,020)	(8,657)
Balance as at 31 March 2019	**289,064**	**83,004**	**55,855**	**427,923**	**214,940**	**642,863**
Total comprehensive loss for the period	-	-	(3,553)	(3,553)	(1,155)	(4,708)
Balance as at 30 June 2019	**289,064**	**83,004**	**52,302**	**424,370**	**213,785**	**638,155**

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

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles, treasury shares or subsidiary holdings held as at 30 June 2019 and 30 June 2020.

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

	30.06.2020	**31.12.2019**
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company does not have any treasury shares as at 30 June 2020 and 31 December 2019.

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

Not applicable.

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

Not applicable.

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

The figures have neither been audited nor reviewed by the Group's auditors.

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

Not applicable.

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

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

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

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

Not applicable.

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

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The accounting policies and computation methods adopted in the financial statements for the period ended 30 June 2020 are the same as those adopted in the preceding year.

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

Not applicable.

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

Earnings per ordinary share:	**Group**	
	1H2020 Unaudited	1H2019 Unaudited
Weighted average number of ordinary shares used in computation of basic LPS	203,461,883	203,461,883
Basic and diluted LPS (RMB cents)	(5.60)	(4.52)

Notes:

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

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

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

	Group		**Company**	
	30.06.2020 Unaudited	31.12.2019 Audited	30.06.2020 Unaudited	31.12.2019 Audited
Net asset value per ordinary share (RMB cents)	195.4	201.0	144.0	144.1

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

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

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

Consolidated Statement of comprehensive income of the Group

Other income of RMB5.41 million in 1H2020 includes RMB1.04 million interest income and RMB4.37 million from derecognition of the derivative financial instrument due to the expiry on 22 May 2020 of the option granted to CITIC Port to subscribe for 2% of the equity interest in China Holdco.

Administrative and other expenses of RMB1.95 million in 1H2020 and RMB2.03 million in 1H2019 are in respect of the Company and its 65% owned subsidiary HHPL.

Share of result of joint venture

In 1H2020, the Group had recognised its share of result of joint venture of RMB20.82 million loss and RMB12.26 million loss in 1H2019 attributable to the Group's 51% equity interest in China Holdco Group.

Statements of financial position of the Group as at 30 June 2020

As at 30 June 2020, the Group recorded an investment in joint venture of RMB515.65 million, which decreased by RMB20.82 million compared to RMB536.47 million as at 31 December 2019. The decrease is due to equity accounting for the share of loss of the joint venture.

Interest income receivable is the interest accrued during 1H 2020 on time deposit.

The slight decrease in amount owing by related parties is due to the translation of monetary assets in foreign currency at the end of 1H2020.

The decrease in other payables is mainly due to the payment made during 1H2020.

Amount owing to directors of RMB0.77 million as at 31 December 2019 has been paid during 1H2020 and the amount owing to directors of RM0.75 million as at 30 June 2020 relates to the accrual of directors fee for 1H2020.

The Group recorded a derivative financial instrument amounted to RMB4.37 million, arising from the grant of an Option to subscribe for additional 2% equity interest in China Holdco to CITIC Port for an aggregate consideration not exceeding RMB50.00 million. The initial agreed exercise date of the Option is any date within one year period after the expiration of two years from the date of Completion of the Subscription and the Disposal (22 May 2017). This means the Option expiry date is 22 May 2020. On 22 May 2020, CITIC Port has not exercise the option.

Notwithstanding the expiry of the Option, the management will continue to discuss with our joint venture partner CITIC Port in relation to its proposed further investment in the China Holdco.

Consolidated Statement of Cash Flows of the Group for 1H2020

As at 30 June 2020, the Group recorded cash and cash equivalents of RMB83.67 million as compared to RMB86.41 million as at 30 June 2019.

Cash flows for 1H2020 are in respect of the Company and its 65% owned investment holding subsidiary Hengyang Holding Pte Ltd ("HHPL").

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

The Group has not issued any forecast.

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

China's GDP increased by 3.2% in 2Q2020 compared with 2Q2019. Although facing many challenges both domestically and globally, China's economy took the lead in turning around from the adverse impact of the Covid 19 pandemic.

With the new ecological protection initiative along the Yangtze river catchment region launched by the government, the main focus of our joint venture is to capitalise on the advantages of our strategic network of facilities established along Yangtze river which is in alignment with this initiative.

Due to the under utilization of the capacity of Yueyang and Wuhan facilities and the suspension of the operation of Deqiao facility, the Group expects to report a loss for the current financial year. (See para 15 for further details of restoration works of Deqiao facility).

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for 1H2020.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend has been declared or recommended for 1H2019.

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

No dividend has been declared for 1H2020 as the Group had registered a loss.

13. Interested Person Transactions ("IPT")

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandated pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the existing shareholders' mandated pursuant to Rule 920 (excluding transactions less than $100,000)
	RMB'000	RMB'000
Provision of Petrochemical storage services and land transport services		
- Jinqiao Chemical(1)	-	6,419
Interest expense charged		
- Jinqiao Chemical(1)	-	2,503
- Gu Wenlong	-	384

Notes:

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

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Confirmation By The Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that to the best of the knowledge of the Directors of the Company, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for 1H2020 to be false or misleading in any material aspect.

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

Operations in the Deqiao facility had been suspended since 22 April 2016.

On 16 January 2019, Deqiao had obtained the approval from the government and commenced restoration works. The restoration work was fundamentally completed and pending for regulatory approvals. Operations will commence once approvals are obtained from the relevant government authorities.

16. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of Hengyang Petrochemical Logistics Limited hereby confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all the directors and executive officers as required in the format set out in Appendix 7H.

GU WEN LONG
Chairman and Chief Executive Officer

DIONG TAI PEW
Lead Independent Director (AC Chairman)

BY ORDER OF THE BOARD

GU WEN LONG
Chairman and Chief Executive Officer

13 August 2020

This announcement has been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Yee Chia Hsing, Head, Catalist, Investment Banking, CIMB Bank Berhad, Singapore Branch at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.