



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER (“4Q”) AND THE FINANCIAL YEAR ENDED 31 DECEMBER (“FY”) 2023

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

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

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

The Group does not generate any revenue. For most of FY2022, the Group had 49% equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (“**China Holdco**”) through its wholly-owned subsidiary, Hengyang Holding Pte Ltd (“**HHPL**”). The remaining shareholders of China Holdco are Sinopec Chemical Sales Company Limited (“**Sinopec Chemical**”) and CITIC Port Investment Co., Ltd. (“**CITIC Port**”) which held the remaining 49% and 2% equity interest in China Holdco respectively for most of FY2022.

As announced by the Company on 13 July 2022, 5 September 2022, 12 September 2022 and 20 January 2023 (the “**Registered Capital Announcements**”), China Holdco completed the increase in its registered capital on 20 January 2023 resulting in the Group’s shareholding in China Holdco decreasing from 49.0% to 41.64%. Shareholders may refer to the Registered Capital Announcements as well as the Company’s circular to its shareholders dated 19 August 2022 for further details relating to the increase in the registered capital of China Holdco. Following the completion of the increase in the registered capital of China Holdco, the remaining shareholders of China Holdco are Sinopec Chemical (holding 49.16%), CITIC Port (holding 1.68%) and Jiangyin Golden Bridge Chemical Co., Ltd (“**Jinqiao Chemical**”, holding 7.52%).

Despite the reduction in the percentage shareholding, the financial statements presented herein continued to be prepared using the equity method of accounting in respect of the 41.64% interest in China Holdco held by the Company and its subsidiaries (collectively, the “**Group**”) as at the year ended 31 December 2023 and such interest has been accounted for as an investment under “*Investment in Joint Venture*” on the Group’s balance sheets.

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

	Note	Group			Group		
		4Q2023 (Unaudited)	4Q2022 (Unaudited)	% (+/-)	FY2023 (Unaudited)	FY2022 (Audited)	% (+/-)
RMB'000							
Interest income	N6.1	85	-	nm	86	360	(76.1)
Other income	N6.1	-	-	nm	-	34	(100.0)
Administrative and other expenses	8	(2,274)	(1,956)	(16.3)	(5,246)	(4,553)	15.2
Interest expense		-	(1)	100.0	(1)	(4)	(75.0)

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	Note	Group			Group		
		4Q2023 (Unaudited)	4Q2022 (Unaudited)	% (+/-)	FY2023 (Unaudited)	FY2022 (Audited)	% (+/-)
RMB'000							
Share of results of joint venture	N7	514	(11,207)	104.6	(17,640)	(5,408)	(226.2)
Gain on dilution of equity interest in joint venture		-	28,463	(100.0)	-	28,463	(100.0)
(Loss)/Profit before income tax	N6	(1,675)	15,299	(110.9)	(22,801)	18,892	(220.7)
Income tax credit		-	-	-	-	31	-
Net (loss)/profit for the financial period/year		(1,675)	15,299	(110.9)	(22,801)	18,923	(220.5)
Total comprehensive (loss)/profit attributable to owners of the Company		(1,675)	15,299	(110.9)	(22,801)	18,923	(220.5)
(Loss)/Earnings per Share ("LPS"/"EPS") (RMB cents):							
Basic	6	(0.82)	7.52		(11.21)	9.30	
Diluted	6	(0.82)	7.52		(11.21)	9.30	

The Group's interest in China Holdco represents its entire business and operations, all of which are carried out in the People's Republic of China (the "PRC"). Where appropriate, certain financial information relating to China Holdco and its subsidiaries (the "China Holdco Group") has been included herein purely for the purpose of understanding the underlying financial performance of the Group.

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

Please refer to N6.

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

Condensed interim statements of financial position

	Note	Group		Company	
		31.12.2023 (Unaudited)	31.12.2022 (Audited)	31.12.2023 (Unaudited)	31.12.2022 (Audited)
RMB'000					
Non-current assets					
Investments in a subsidiary		-	-	303,472	303,472
Investment in a joint venture	N7	527,248	536,272	-	-
Right of use asset		109	49	-	-
		527,357	536,321	303,472	303,472
Current assets					
Other receivables		29	15	-	-
Amount owing by related parties		203	196	6	6
Amount owing by a subsidiary		-	-	6,585	8,465
Cash and cash equivalents		23,105	37,410	1,226	3,844
		23,337	37,621	7,817	12,315
Less:					
Current liabilities					
Other payables		1,539	2,017	1,117	1,623
Lease liability	N8	51	52	-	-
Amount owing to a subsidiary		-	-	32,263	31,100
Current income tax payable		-	28	-	-
		1,590	2,097	33,380	32,723
Net current assets/(liabilities)		21,747	35,524	(25,563)	(20,408)
Less:					
Non-current liability					
Lease liability	N8	60	-	-	-
		60	-	-	-
Net assets		549,044	571,845	277,909	283,064
Equity					
Share capital	1(d)(i)	289,064	289,064	289,064	289,064
Other reserve		83,004	83,004	-	-
Retained earnings		176,976	199,777	(11,155)	(6,000)
Equity attributable to owners of the Company		549,044	571,845	277,909	283,064
Total equity		549,044	571,845	277,909	283,064

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

Amount repayable in one year or less, or on demand

As at 31 December 2023		As at 31 December 2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Amount repayable after one year

As at 31 December 2023		As at 31 December 2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

Nil

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

Contingent liabilities

As at 31 December 2023, the Group and its joint venture partners had given guarantees amounting up to RMB243,929,000 (31 December 2022: RMB291,090,000) to certain lenders in respect of borrowings of the China Holdco Group.

At 31 December 2023, the total amount of borrowings covered by the guarantees is RMB196,128,000 (31 December 2022: RMB249,278,000). Such financial guarantees require the Group to reimburse the lenders if the China Holdco Group fails to make principal or interest repayments when due in accordance with the terms of the respective borrowings.

As at 31 December 2023, the current liabilities of the China Holdco Group exceeded its current assets by RMB636,938,000. The China Holdco Group has RMB648,675,000 of borrowings which are due for repayment within the next 12 months from the reporting date, of which RMB16,403,000 were guaranteed by the Group.

There was no default or non-repayment since the inception of these borrowings. Furthermore, China Holdco Group's borrowings are secured over mortgages against fixed assets of China Holdco Group. As at 31 December 2023, the carrying amount of the China Holdco Group's fixed assets are substantially larger than the carrying amount of the outstanding borrowings. Based on the Company's consideration and assessment, the Group does not expect significant credit losses arising from these guarantees.

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

Condensed interim consolidated statement of cash flows

	Group	
	FY2023 (Unaudited)	FY2022 (Audited)
RMB'000		
Operating activities		
Profit/(Loss) before income tax	(22,801)	18,892
Adjustments for:		
Amortisation of right of use assets	55	51
Share of results of joint venture	17,640	5,408
Interest income	(86)	(360)
Gain on dilution of equity interest in joint venture	-	(28,463)
Interest expense	1	4
Unrealised foreign exchange loss	14	(294)
Operating cash flows before working capital changes	(5,177)	(4,762)
Other receivables (including related parties)	(21)	78
Other payables (including related parties)	(478)	467
Cash used in operations	(5,676)	(4,217)
Income tax paid	(28)	-
Net cash used in operating activities	(5,704)	(4,217)
Investing activities		
Capital contribution to investment in joint venture	(8,616)	
Interest received	72	360
Net cash (used in)/ generated from investing activities	(8,544)	360
Financing activities		
Principal element of lease payments	(57)	(51)
Interest expense	(1)	(4)
Net cash used in financing activities	(58)	(55)
Net change in cash and cash equivalents	(14,306)	(3,912)
Cash and cash equivalents at the beginning of the financial year	37,410	40,990
Effect of exchange rate changes on cash and cash equivalents	1	332
Cash and cash equivalents at end of the financial year	23,105	37,410

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

Condensed Interim Statement of Changes in Equity

The Company

RMB'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
(Unaudited)			
Balance as at 1 January 2023	289,064	(6,000)	283,064
Total comprehensive loss for the financial year	-	(5,155)	(5,155)
Balance as at 31 December 2023	289,064	(11,155)	277,909
(Unaudited)			
Balance as at 1 January 2022	289,064	308	289,372
Total comprehensive loss for the financial year	-	(6,308)	(6,308)
Balance as at 31 December 2022	289,064	(6,000)	283,064

The Group

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

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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 options, convertibles, treasury shares or subsidiary holdings as at 31 December 2023 and 31 December 2022.

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.

	<u>31.12.2023</u>	<u>31.12.2022</u>
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company did not have any treasury shares as at 31 December 2023 and 31 December 2022.

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

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

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

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

N1. General Corporate information

Hengyang Petrochemical Logistics Limited (the “**Company**”) is a public limited liability company, incorporated and domiciled in Singapore with its registered office located at 10 Anson Road, #25-06 International Plaza, Singapore 079903.

The Company’s registration number is 200807923K. The principal place of business is 1 Hengyang Road, Shizhuang Industrial Park, New Harbor City, Jiangyin, Jiangsu Province, PRC 214446. The Company is listed on the Catalist Board of the SGX-ST.

The principal activity of the Company is that of investment holding. The principal activities of its principal operating entity is set out in Note N7.

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

N2. Basis of Preparation

The condensed interim consolidated financial statements for the financial year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for FY2022.

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

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

N2.1 New and amended standards adopted by the Group

The Group adopted Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies for the first time in 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of “material”, rather than “significant” accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

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N2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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

Critical judgements made in applying the accounting policies

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

Joint control

As at 31 December 2023, the Group (through HHPL), Sinopec Chemical, CITIC Port and Jinqiao Chemical respectively hold 41.64%, 49.16%, 1.68% and 7.52% of the equity interest in China Holdco.

Management has carried out an assessment to determine whether the Group continues to have joint control over China Holdco. The assessment included review of unanimous consent from the three joint venture partners for certain reserved matters and relevant activities which will significantly affect the returns of the joint venture. Accordingly, the Company concluded that it is appropriate to classify China Holdco as a joint venture of the Company (N7).

Key sources of estimation uncertainty

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

Impairment of investment in joint venture

The Group conducts impairment test annually and had carried out a review of the investment in joint venture for FY2023. For FY2023, there is no impairment on the investment in joint venture. The Group's carrying amount of investment in joint venture as at 31 December 2023 was RMB527,248,000 (31 December 2022: RMB536,272,000).

N3. Seasonal operations

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

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N4. Segment and revenue information

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

N5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

Financial assets measured at amortised cost

Other receivables	29	15	-	-
Amount owing by related parties	203	196	6	6
Amount owing by a subsidiary	-	-	6,585	8,465
Cash and cash equivalents	23,105	37,410	1,226	3,844
	<u>23,337</u>	<u>37,621</u>	<u>7,817</u>	<u>12,315</u>

Financial liabilities measured at amortised cost

Other payables	1,095	1,186	673	792
Amount owing to directors	444	831	444	831
Amount owing to a subsidiary	-	-	32,263	31,100
Lease liability	51	52	-	-
	<u>1,590</u>	<u>2,069</u>	<u>33,380</u>	<u>32,723</u>

N6. (Loss)/Profit before income tax

N6.1 Significant items

RMB'000	Group		Group	
	4Q2023	4Q2022	FY2023	FY2022
Other income				
Interest income from bank deposits	85	-	86	360
Government grant	-	-	-	34
	<u>85</u>	<u>-</u>	<u>86</u>	<u>394</u>
Expenses				
Amortisation of right-of-use asset	14	13	55	51
Professional fees	170	264	661	917
Employee benefit costs (inclusive of directors' fees)	1,193	1,253	3,306	3,076

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N6.2. Related party transactions

During FY2023, in addition to the information disclosed elsewhere in these interim financial statements, the Group's joint venture entered into the following transactions with related parties at rates and terms agreed between the parties:

RMB'000	Group	
	FY2023	FY2022
By joint venture		
<i>Sales to related parties</i>	93,331	67,007
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	22,944	17,197
– Jiangyin Golden Bridge Trade Co., Ltd. (b)	191	269
– Sinopec Chemical Sales Company Limited (c)	70,197	49,535
– Wuhan Kangyang Petrochemical Co., Ltd. (d)	-	6
<i>Interest expense charged by related parties</i>	-	6,435
– Jiangyin Golden Bridge Chemical Co., Ltd. (a)	-	5,676
– Gu Wen Long(e)	-	759

- (a) Jiangyin Golden Bridge Chemical Co., Ltd (“**Jinqiao Chemical**”) is a company established and wholly-owned by Ms Sun Fang, the spouse of the Company's Director and Chief Executive Officer, Mr Gu Wen Long.
- (b) Jiangyin Golden Bridge Trade Co., Ltd. (“**Jinqiao Trade**”) is a company established and controlled by Ms Sun Fang, the spouse of the Company's Director and Chief Executive Officer, Mr Gu Wen Long.
- (c) Sinopec Chemical is a joint venture partner of China Holdco.
- (d) Wuhan Kangyang Petrochemical Co., Ltd. is controlled by Jinqiao Chemical.
- (e) The Group has repaid the full amount owing to Mr Gu Wen Long in December 2022.

N7. Investment in a joint venture

RMB'000	Group	
	31.12.2023	30.12.2022
Unquoted equity investment, at cost	617,100	617,100
Capital injection	8,616	-
Share of results of joint venture, net of tax	(98,468)	(80,828)
	<u>527,248</u>	<u>536,272</u>

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The details of the joint venture are as follows:

Name of company (Principal place of business)	Principal activities	Effective equity interest held by the Group	
		31 December 2023	31 December 2022
		%	%
Held by Hengyang Holding Pte. Ltd.			
Jiangyin Foreversun Chemical Logistics Co., Ltd. (PRC)	Storage, dispatch, drumming and land transportation of liquid petrochemical products and management of ports terminals	41.64	41.36

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

The change of percentage interest of the Group in the joint venture was due to the increase in the registered capital of China Holdco. Please refer to the Registered Capital Announcements made on 13 July 2022, 5 September 2022, 12 September 2022 and 20 January 2023 as well as the Company's circular to its shareholders dated 19 August 2022 for further details.

The 41.36% interest in the joint venture as at 31 December 2022 arose because the increase in the registered capital of the joint venture was carried out in stages. As at 31 December 2022, the two other shareholders of the joint venture have completed their respective capital injection into the joint venture. However, the Group's portion of its capital injection into the joint venture was only completed in January 2023 resulting in the differences between the Group's interest in China Holdco as at 31 December 2022 and 20 January 2023.

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

N7.1 Impairment assessment of investment in a joint venture

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

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

	Group 2023 %
Revenue growth rates	2.2-38
Earnings before interest and tax ("EBIT") margins	23.3-52
Discount rate	<u>8.43</u>

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

Revenue growth rates	Decreased by 1.95%
EBIT margins	Decreased by 9.51%
Discount rate	<u>Increased by 1.65%</u>

N7.2 Significant restrictions

As at 31 December 2023, cash and bank balances of approximately RMB167,827,000 (31 December 2022: RMB153,225,000) held by the joint venture in the PRC are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends.

N7.3 Summarised financial information

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

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

	China Holdco Group	
RMB'000	31.12.2023	31.12.2022
Current assets	295,410	236,898
Non-current assets	4,248,880	3,665,574
Current liabilities	(932,348)	(577,287)
Non-current liabilities	(2,408,954)	(2,112,626)
Net asset	<u>1,202,988</u>	<u>1,212,559</u>

The above amounts of assets and liabilities include the following:

	China Holdco Group	
RMB'000	31.12.2023	31.12.2022
Cash and cash equivalents	168,480	153,225
Current financial liabilities (excluding trade and other payables and current income tax payable)	(569,678)	(347,957)
Non-current financial liabilities (excluding trade and other payables and deferred income tax payable)	(2,349,351)	(2,069,210)

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

	FY2023	FY2022		%
RMB'000	(Unaudited)	(Unaudited)	VAR	(+/-)
Revenue⁽¹⁾	486,321	405,340	80,981	19.98
Cost of sales	(348,052)	(302,900)	45,152	14.91
Gross profit	138,269	102,440	35,829	34.98
Other income ⁽²⁾	10,093	36,345	(26,252)	(72.23)

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RMB'000	FY2023 (Unaudited)	FY2022 (Unaudited)	VAR	% (+/-)
Administrative and other expenses ⁽³⁾	(90,521)	(77,238)	13,283	17.20
Finance costs ⁽⁴⁾	(118,569)	(72,732)	45,837	63.02
Loss before tax from operation	(60,728)	(11,185)	49,543	(442.94)
Income tax credit/(expense)	8,273	(3,158)	(11,431)	(361.97)
Loss for the financial year	(52,455)	(14,343)	(38,112)	265.72
Non-controlling interest	(14,338)	(7,558)	(6,780)	(89.71)
Owners of China Holdco	(38,117)	(6,785)	(31,332)	461.78
Share proportion of Company in China Holdco ⁽⁵⁾	41.64%	41.36%	(7.36%)	-
Share of result of China Holdco	(15,872)	(3,325)	(12,547)	377.35
Depreciation and amortisation on fair value adjustment ⁽⁶⁾	(1,767)	(2,083)	(316)	15.17
Share of result of joint venture	(17,640)	(5,408)	(12,232)	226.18

Notes:

- (1) Revenue from transportation segment decreased by RMB35.08 million or 43.63%, from RMB80.39 million in FY2022 to RMB45.31 million in FY2023, as the China Holdco Group diverted its resources and ceased to service the loss-making transportation routes.

Revenue from storage service segment increased by RMB116.06 million or 35.71%, from RMB324.95 million in FY2022 to RMB441.01 million in FY2023, mainly due to the following:

- (a) an increase in revenue of RMB16.25 million from Deqiao Logistics Co., Ltd., (“**Deqiao**”) as well as an increase in revenue of RMB8.58 million from Yueyang Hengyang Petrochemical Logistics Co., Ltd and an increase in revenue of RMB12.06 million from Wuhan Hengyang Petrochemical Logistics Co., Ltd. These increases were attributed to new products and new customers which brought about higher utilization rate of the tanks;
- (b) an increase in revenue of RMB30.79 million from Chongqing New Hengyang Logistics Co., Ltd., (“**Chongqing New Hengyang**”) attributed by commencement of operation of the new storage tanks since December 2022;
- (c) an increase in revenue of RMB44.7 million from due to full year consolidation of the results of Tianjin Hengyang Petrochemical Logistics Co., Ltd (“**Tianjin Hengyang**”), which an aggregate of 70% interest held by China Holdco was completed in September 2022;
- (d) the acquisition of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司), collectively, the “**Nanrong Subsidiaries**” by China Holdco was completed in June 2023. Revenue of RMB12.19 million is consolidated from the Nanrong Subsidiaries, and partially offset by
- (e) an decrease in revenue of RMB8.54 million from Jiangyin Foreversun Logistics Co., Ltd, attributed by a lower utilisation rate of its tanks’ capacity due to reduce of import chemicals.
- (2) Other income decreased by RMB26.25 million or 72.23%, mainly due to the absence of the one-off income of RMB22.27 million contributed by the negative goodwill in relation to the acquisition of Tianjin Hengyang in September 2022.
- (3) Administrative and other expenses increased by RMB13.28 million or 17.2%, mainly due to consolidate of RMB7.87 million, RMB4.52 million from the results of Tianjin Hengyang and Nanrong subsidiaries respectively.
- (4) Finance costs increased by RMB45.83 million or 63.02%, mainly due to full year consolidation of RMB26.52 million from Tianjin Hengyang and increase of RMB17.67 million arising from borrowing

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cost in FY2023 following to the completion of the construction new tank and began operation in Chongqing New Hengyang since December 2022.

- (5) The change of percentage interest of the Group in China Holdco was due to the increase in the registered capital of China Holdco. Please refer to note N7 for further details.
- (6) Fair value adjustment arose from the initial recognition in May 2017 from fair value adjustment on property, plant and equipment and land use rights of the joint venture, and amortised over the useful life of these assets of the joint-venture.

N7.4 Reconciliation of summarised financial information

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

RMB'000	Group	
	31.12.2023	31.12.2022
Proportion of Group ownership	41.64%	41.36%
Share of net assets of the joint venture	435,182	443,123
Fair value adjustment on plant and equipment and land use rights	53,879	53,517
Cumulative depreciation and amortisation on fair value adjustment	(12,162)	(10,395)
Interest in joint venture	476,899	486,245
Goodwill	50,349	50,027
Carrying value of Group's interest in joint venture	527,248	536,272

N8. Lease liability

RMB'000	Group	
	31.12.2023	31.12.2022
Balance as at 1 January	52	103
Interest expense	1	4
Addition	116	-
Lease payments		
- Principal portion	(57)	(51)
- Interest portion	(1)	(4)
	(58)	(55)
Balance as at the end of the year	111	52

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

RMB'000	31.12.2023	31.12.2022
Contractual undiscounted cash flows		
- Not later than a year	56	53
- Between one and three years	61	-
	117	53
Less: Future interest expense	(6)	(1)
Present value of lease liabilities	111	52

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RMB'000	31.12.2023	31.12.2022
Presented in statement of financial position		
– Non-current	60	-
– Current	51	52
	111	52
	111	52

The Group leases an office premise in Singapore with fixed payments over the lease terms and the incremental borrowing rate applied was 5.25% (FY2022: 5.25%) per annum.

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

The lease liability is denominated in Singapore dollars.

N9. Subsequent events

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

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

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

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

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

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

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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

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

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

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore). The accounting policies and computation methods adopted in the financial statements for FY2023 are the same as those adopted in the Company's most recently audited financial statements.

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

Please refer to N2.

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

	Group	
	FY2023 Unaudited	FY2022 Audited
Weighted average number of ordinary shares used in computation of basic (LPS)/EPS	203,461,883	203,461,883
Basic and diluted (LPS)/EPS(RMB cents)	(11.21)	9.30

Notes:

- (a) Basic (LPS)/EPS is calculated by dividing the net loss for the financial period/year attributable to owners of the Company by the actual number of ordinary shares in issue during the financial period/year.
- (b) Diluted (LPS)/EPS is the same as the basic LPS as the Group did not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial period/year.
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	
	31.12.2023 Unaudited	31.12.2022 Audited	31.12.2023 Unaudited	31.12.2022 Audited
Net asset value per ordinary share (RMB cents)	269.9	281.1	136.6	139.1

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8. A review of the performance of the group to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Condensed interim consolidated statement of comprehensive income of the Group

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

4Q2023 vs 4Q2022

The Group's other income increased by RMB85,000 from nil in 4Q2022 to RMB85,000 in 4Q2023 mainly due to the increase of interest income.

Share of results of joint venture relates to the Company's 41.64% interest in the China Holdco Group. Please also refer to paragraph N7.3 for review of the China Holdco Group's financial performance.

Gain on dilution of equity interest in joint venture was one-off gain arose from corporate exercise in FY2022.

As a result of the aforementioned, the Group recorded a net loss attributable to owners of the Company of RMB1.68 million in 4Q2023 as compared to a profit of RMB15.3 million in 4Q2022.

FY2023 vs FY2022

The Group's other income decreased by RMB308,000 or 78.2% from RMB394,000 in FY2022 to RMB86,000 in FY2023. This was mainly due to Group's interest income decreased from RMB360,000 in FY2022 to RMB86,000 in FY2023 as a result of the reduced cash balance within the Group.

Administrative and other expenses increased by RMB693,000 or 15.22% from RMB4.55 million in FY2022 to RMB5.25 million in FY2023 mainly due to increase of employee benefits costs and directors' fee and in-person board meeting related expenses.

Share of result of joint venture relates to the Company's 41.64% interest in the China Holdco Group. Share of result of joint venture increased from a loss of RMB5.41 million in FY2022 to a loss of RMB17.64 million in FY2023. Please refer to paragraph N7.3 for review of the China Holdco Group's financial performance.

The Group recorded a net loss attributable to owners of the parent of RMB22.8 million in FY2023 as compared to net profit of RMB18.92 million in FY2022. This was mainly due to the absence of the one-off gain on dilution of equity interest in joint venture in FY2022.

Condensed interim consolidated statement of financial position of the Group

Non-current assets comprise the Group's investment in a joint venture which relates to its interest in the China Holdco Group and right-of-use asset. Investment in a joint venture decreased by RMB9.03 million from RMB536.27 million as at 31 December 2022 to RMB527.24 million as at 31 December 2023, mainly due to share of loss of RMB17.64 million on China Holdco Group in FY2023 and partially offset by capital injection of RMB8.61 million.

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Current assets comprise cash and cash equivalents, amount owing by related parties and other receivables. Current assets decreased by RMB14.29 million from RMB37.62 million as at 31 December 2022 to RMB23.33 million as at 31 December 2023, mainly due to a decrease in cash and cash equivalents. Cash and cash equivalents decreased by RMB14.3 million from RMB37.41 million as at 31 December 2022 to RMB23.11 million as at 31 December 2023 due to capital injection to China Holdco of RMB8.61 million and utilisation of the Group's cash in operating activities as set out in the cash flow statements.

Current liabilities comprise mainly other payables, lease liability and current income tax payable. Current liabilities decreased by RMB507,000 from RMB2.09 million as at 31 December 2022 to RMB1.59 million as at 31 December 2023, mainly due to directors' fees paid prior on or before 31 December 2023.

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

Condensed interim consolidated statement of cash flows of the Group

The Group recorded cash and cash equivalents of RMB23.11 million as at 31 December 2023, of which RMB8.94 million was deposit pledged as compared to RMB37.41 million as at 31 December 2022, a decrease of RMB14.3 million due to capital injection to China Holdco of RMB8.61 million and utilisation of the Group's cash in operating activities as set out in the cash flow statements.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.

As published by PRC's National Bureau of Statistics, the PRC's GDP grew by 5.2% in FY2023 as compared to expected global GDP increase of 3% and increased by 5.2% in the fourth quarter of FY2023, which was also higher than 4.9% in the third quarter of FY2023.

The China Holdco Group is seeking to expand its operations along Yangtze River and nearby coastal area of Tianjin to take advantage of the Group's business connection and expertise. According to the PRC's 14th five-year (2021 – 2025) plans, the PRC government will more comprehensively promote the development of the Yangtze River Economic Belt with focus on the construction of the Yangtze River's main artery, creating a comprehensive transportation system along the Yangtze River. The China Holdco Group intends to leverage on its strategic locations to consolidate its business operations along Yangtze River.

The Chongqing project managed by Chongqing New Hengyang has received the regulatory approval in December 2022 and formally commenced operations in FY2023. The construction of 2nd stage of Wuhan Project managed by Wuhan Hengyang has completed in the last quarter of 2023 and has began trial operation. The Group will continue its efforts to increase the overall utilisation rate of its storage tanks and port terminals to improve its performance.

As the PRC fully reopens its borders for international travel, the economic growth of the PRC is expected to accelerate in 2024. Nevertheless, as at the date of this announcement, the PRC and global economic including interest rate, inflation rate and unemployment rate in PRC and political environments including the continuing Russian-Ukrainian War, the eruption of Israel-Hamas

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conflict, the unsettled Sino-US trade and political disputes, are still highly uncertain and unpredictable. Therefore, the Company is unable to assess the impacts to the China Holdco Group.

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 FY2023.

(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 FY2022.

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

Not applicable

(d) Date payable

Not applicable

(e) Books closure date

Not applicable

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

The Board has decided not to recommend any dividend because the China Holdco Group did not declare any dividend for FY2023.

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13. Interested Person Transactions (“IPT”)

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

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions under the existing shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		RMB’000	RMB’000
Provision of petrochemical storage services and land transport services			
- Jinqiao Chemical ⁽¹⁾	Note1	-	22,944
- Jinqiao Trade ⁽²⁾	Note2	-	191

Notes:

- (1) Jinqiao Chemical is wholly-owned by Ms Sun Fang, the spouse of Mr Gu Wen Long who is the Director and Chief Executive Officer and Controlling Shareholder of the Company.
- (2) Jiangyin Trade is a company established and controlled by Ms Sun Fang, the spouse of the Company’s Director and Chief Executive Officer, Mr Gu Wen Long.

14. Confirmation pursuant to Catalist Rule 720(1)

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

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

On 20 January 2023, the Company announced the completion of the increase in the registered capital of China Holdco wherein HHPL subscribed for additional registered capital amounting to approximately RMB8.6 million in China Holdco (the “Capital Injection”). However, HHPL’s interest in China Holdco was diluted from 49% to 41.64% following among others, the overall increase in registered capital of China Holdco amounting to RMB268.8 million (including capitalisation of amount owing to Jinqiao Chemical as registered capital of China Holdco). The consideration for the Capital Injection and the resultant shareholding of HHPL in China Holdco was arrived at based on the aggregate increase in registered capital of China Holdco of RMB268.8 million from three of its four shareholders of China Holdco. Further details of the Capital Injection can be found in the Company’s circular to its shareholders dated 19 August 2022. China Holdco had net asset value of RMB915.3 million and revalued net asset value of RMB1,080.7 million as at 30 June 2022.

On 24 February 2023, the Company announced that China Holdco had entered into an equity transfer agreement with Jiangsu Sunshine Shareholding Group Co., Ltd., in respect of the acquisition of (A) 94.8033% of the equity interest in Nanrong Petrochemical Co., Ltd. and (B) 100%

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of the equity interest in Nanrong Petrochemical Industry (Jiangyin) Co., Ltd for consideration of RMB600 million (equivalent to approximately S\$116.54 million) (the “**Proposed Acquisition**”).

The consideration was arrived at on a willing-buyer and willing-seller basis, taking into account, among other things: (a) the valuation report which had valued 100% equity interest in both of Nanrong Petrochemical Co., Ltd. and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd had a collective valuation of approximately RMB417.8 million (equivalent to approximately S\$81.15 million); (b) the prospects of the Target and the rationale and benefits to the Group for the acquisition.

Please refer to the Company’s circular to its Shareholders dated 6 March 2023 for further details of the Proposed Acquisition.

On 30 June 2023, the Company announced that the Proposed Acquisition has taken place on the same day (“**Completion**”). Please refer to the Company’s announcement dated 30 June 2023 for more information. Following Completion, Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司) became a 94.8033%-owned and 100%-owned subsidiary of the China Holdco respectively. As of the date of Completion, the net asset value of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司) amounted to RMB229.98 million, of which RMB221.08 million attributable to China Holdco. As the total consideration for the Proposed Acquisition was higher than the net asset value of Nanrong Petrochemical Co., Ltd. (南荣石油化学有限公司) and Nanrong Petrochemical Industry (Jiangyin) Co., Ltd. (南荣石油化工(江阴)有限公司), the China Holdco Group has undertaken a purchase price allocation exercise and determine the goodwill of acquisition of RMB315.47 million.

On 20 January 2023, the Company announced the completion of the increase in the registered capital of China Holdco wherein HHPL subscribed for additional registered capital amounting to approximately RMB8.6 million in China Holdco (the “**Capital Injection**”). However, HHPL’s interest in China Holdco was diluted from 49% to 41.64% following among others, the overall increase in registered capital of China Holdco amounting to RMB268.8 million (including capitalisation of amount owing to Jinqiao Chemical as registered capital of China Holdco). The consideration for the Capital Injection and the resultant shareholding of HHPL in China Holdco was arrived at based on the aggregate increase in registered capital of China Holdco of RMB268.8 million from three of its four shareholders of China Holdco. Further details of the Capital Injection can be found in the Company’s circular to its shareholders dated 19 August 2022. China Holdco had net asset value of RMB915.3 million and revalued net asset value of RMB1,080.7 million as at 30 June 2022.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group announced during FY2023 which is required to be reported under Rule 706(A) of the Catalist Rules.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

No reportable segments as set out in paragraph N4 of this announcement.

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17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Noted. No reportable segments as set out in paragraph N4 of this announcement.

18. A breakdown of sales as follows:

	Group		Increase/ (Decrease) %
	FY2023 RMB'000	FY2022 RMB'000	
(a) Sales reported for first half year	NIL	NIL	NIL
(b) Operating (loss) after income tax for the year before deducting non-controlling interests reported for first half year	(14,611)	(7,224)	102.3
(c) Sales reported for second half year	NIL	NIL	NIL
(d) Operating(loss)/profit after income tax for the year before deducting non-controlling interests reported for second half year	(8,190)	26,147	(128.2)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows.

Not applicable, no dividend declared.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Gu Fan	32	Daughter of Mr Gu Wen Long, who is the director and CEO of the Company. Mr. Gu is also the controlling shareholder of the Company.	Investment & Development Manager since 1 March 2017. Ms Gu Fan is responsible for facilitating the communication among the board members, investors and key management team; assisting with the Company's operations in Singapore; developing the Group's ASEAN clientele and overall ASEAN business development.	No change in duties and position.

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BY ORDER OF THE BOARD

GU WEN LONG
Director and Chief Executive Officer
February 27, 2024

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