

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200807923K)
(the “**Company**”, and together with its subsidiaries, the “**Group**”)

UPDATE ON THE INDUSTRIAL ACCIDENT AT DEQIAO FACILITY

Capitalised terms used herein shall have the same definitions ascribed to them in the Deqiao Announcement (as defined below), unless otherwise stated or the context otherwise requires.

1. INTRODUCTION

Further to the Company’s announcement dated 25 April 2016 (“**Deqiao Announcement**”) in relation to the Accident, the Board of Directors of the Company wishes to inform that the Taizhou City Government (being the governmental authority leading the investigation) had on 1 November 2016 released an investigation report (“**Report**”) with respect to the Accident.

2. BRIEF DETAILS OF THE REPORT

Based on the Report, the Accident was directly caused by the failure of the third party contractor of Jiangsu Deqiao Storage Co., Ltd., (“**Jiangsu Deqiao**”) to adhere to certain safety procedures prior to engaging in welding work on the pipeline at exchange terminal No. 2 of the Deqiao Facility (“**Accident Site**”). The safety procedures include (i) removing fuel debris accumulated in the trench at the worksite; (ii) conducting the relevant combustible gas analysis; and (iii) taking measures such as adding cover and laying sand over the trench beneath the welding spot to create a separation cover. Due to the third party contractor’s failure to perform such safety procedures, sparks produced during the welding process came into contact with and ignited the fuel debris accumulated in the trench at the Accident Site.

The Report further states that four employees of Jiangsu Deqiao have been arrested and two employees of Jiangsu Deqiao have been placed on bail pending trial, due to their involvement in the Accident. The Report also sets out recommended actions to be taken against, *inter alia*, Jiangsu Deqiao, the third party contractor and the certain officials of the local authority. In respect of Jiangsu Deqiao, it was recommended that (i) impose an administrative fine of RMB1 million on Jiangsu Deqiao and to temporarily withhold the “Operating License for Hazardous Chemicals” of Jiangsu Deqiao for six months; (ii) further investigation be carried out against the Chief Operating Officer of the Company and General Manager of Jiangsu Deqiao, Mr Wang Weizhong; and (iii) impose an administrative fine on Mr Gu Wenlong, Executive Chairman and Chief Executive Officer of the Company and Chairman of Jiangsu Deqiao, amounting to 40% of the 2015 annual income of Mr Gu Wenlong.

According to the Report, the direct economic loss resulting from the Accident is approximately RMB25.32 million.

A copy of the Report that was released is appended to this Announcement for reference. The Company will make an announcement appending an unofficial English translation of the Report in due course.

For the avoidance of doubt, the Company is in the process of assessing the loss of the Group caused by the Accident and will make subsequent announcements when there are further updates. Shareholders are advised to exercise caution when trading their shares. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers,

solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Mr Gu Wenlong
Executive Chairman and Chief Executive Officer
4 November 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.*

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