HENGYANG PETROCHEMICAL LOGISTICS LIMITED
(Incorporated in Singapore on 23 April 2008)
(Company Registration Number: 200807923K)

PROPOSED ACQUISITIONS OF
(A) 94.8033% OF THE EQUITY INTEREST IN NANRONG PETROCHEMICAL CO., LTD.[1]（南荣石油化学有限公司）; AND
(B) 100% OF THE EQUITY INTEREST IN NANRONG PETROCHEMICAL INDUSTRY (JIANGYIN) CO., LTD.[1]（南荣石油化工（江阴）有限公司）

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1. INTRODUCTION AND BACKGROUND

1.1. The board of directors (the "**Board**" or the "**Directors**") of Hengyang Petrochemical Logistics Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Jiangyin Foreversun Chemical Logistics Co., Ltd. (the "**China Holdco**"), a 41.64%-owned[2] joint venture company of the Company, intends to acquire equity interest in the following companies (each a "**Target Company**" and collectively, the "**Target Companies**") from **Jiangsu Sunshine Shareholding Group Co., Ltd**[1] (江苏阳光控股集团有限公司) (the "**Vendor**") for an aggregate consideration of RMB600,000,000 (equivalent to approximately S$116,541,061[3]) (the "**Total Consideration**") (collectively, the "**Proposed Acquisitions**"):

(a) 94.8033% of the equity interest in the total paid-up registered capital of Nanrong Petrochemical Co., Ltd.[1] (南荣石油化学有限公司) ("**Nanrong Petrochemical**"); and

(b) 100% of the equity interest in the total paid-up registered capital of Nanrong Petrochemical Industry (Jiangyin) Co., Ltd.[1] (南荣石油化工（江阴）有限公司) ("**Nanrong Petrochemical Industry (Jiangyin)**").

(collectively, the "**Sale Equity**").

1.2. For the purposes of the Proposed Acquisitions, the Group has, through the China Holdco, incorporated the following companies (each an "**SPV**" and collectively, the "**SPVs**"), both of which are wholly-owned subsidiaries of the China Holdco, in the People's Republic of China (the "**PRC**"):

(a) Jiangyin Better Logistics Limited[1] (江阴佰特物流有限公司) ("**Better Logistics (SPV 1)**"); and

(b) Jiangyin Best Logistics Limited[1] (江阴佰思特物流有限公司) ("**Best Logistics (SPV 2)**").

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[1] These are English translation of the Chinese names and included herein for identification purposes only.
[2] As disclosed in the Company's announcement dated 20 January 2023, completion of the increase in the registered capital of the China Holdco has taken place on 20 January 2023. The Group's interest in the China Holdco has been diluted from 49% to 41.64% following completion of the increase in registered capital.
[3] The exchange rate of S$1.00 to RMB5.1484 (being the exchange rate on 23 February 2023 published by The People's Bank of China) is applied throughout this announcement, unless otherwise stated.

The Company had, on 15 November 2022, made an announcement on SGXNET in relation to the incorporation of the SPVs (the "**Previous Announcement**"). Please refer to the Previous Announcement for more information on Better Logistics (SPV 1) and Best Logistics (SPV 2).

1.3. The Proposed Acquisitions will be undertaken by the following means:

(a) The China Holdco, through its wholly-owned subsidiary, Better Logistics (SPV 1), will acquire 94.8033% of the equity interest in the total paid-up registered capital of Nanrong Petrochemical from the Vendor for a consideration of RMB411,000,000 (equivalent to approximately S$79,830,627); and

(b) The China Holdco, through its wholly-owned subsidiary, Best Logistics (SPV 2), will acquire 100% of the equity interest in the total paid-up registered capital of Nanrong Petrochemical Industry (Jiangyin) from the Vendor for a consideration of RMB189,000,000 (equivalent to approximately S$36,710,434).

1.4. The China Holdco had, on 24 February 2023, entered into the relevant equity transfer agreement with the Vendor in connection with the transfer of the Sale Equity for the purposes of the Proposed Acquisitions (the "**Equity Transfer Agreement**"). Further details on the Equity Transfer Agreement are set out in paragraph 6 below.

1.5. Upon the completion of the Proposed Acquisitions ("**Completion**"), the China Holdco will hold:

(a) 94.8033% of the equity interest in Nanrong Petrochemical through Better Logistics (SPV 1) (the China Holdco's wholly-owned subsidiary); and

(b) 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin) through Best Logistics (SPV 2) (the China Holdco's wholly-owned subsidiary).

1.6. As the Proposed Acquisitions, when aggregated together, would constitute a "major transaction" for the purposes of Chapter 10 of Section B: Rules of Catalist of the listing manual (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the approval of the shareholders of the Company ("**Shareholders**") is required for the Proposed Acquisitions. Please refer to paragraph 8 of this announcement for more information on the calculations of the relative figures and applications under Chapter 10 of the Catalist Rules.

2. INFORMATION ON THE TARGET COMPANIES AND THE VENDOR

2.1. <u>Information on the Target Companies, their Principal Activities and Equity Holding Structures</u>

(a) The Target Companies are engaged in the day-to-day management and operations of the Nanrong International Port (南荣码头) (the "**Nanrong Port**") located in Jiangyin City, Wuxi, Jiangsu Province in the PRC, as well as the storage and management of chemicals, including approved varieties of dangerous chemicals such as pentane, butadiene, 1-butene, C4 and liquefied petroleum gas. The Target Companies collectively possess pressure storage tanks with a total volume of 33,000 cubic metres and mainly store chemicals such as propane, 1-butene and 1-3 butadiene.

(b) **Nanrong Petrochemical** is a limited liability company incorporated in the PRC on 28 June 1993 and is primarily engaged in the business of port operations and the import, export and wholesale of chemical products. Nanrong Petrochemical possesses a 25,000-ton first-class international open wharf with a total length of 230 metres, with an operating platform which is 168 metres long and 21 metres wide, as well as 16 spherical tanks with a total volume of 18,000 cubic metres and a pressure of 1.77Mpa. As at the date of this announcement, the fully paid-up registered capital of Nanrong Petrochemical is RMB152,264,296.43, with its equity holding structure as set out in Table 1 below:

Name of shareholder	Registered capital (fully paid-up)	Percentage equity interest in Nanrong Petrochemical
The Vendor (namely, Jiangsu Sunshine Shareholding Group Co., Ltd. (江苏阳光控股集团有限公司)), incorporated in PRC	RMB144,351,532.42	94.8033%
Wuxi Public Utilities Industrial Group Co., Ltd. (无锡市市政公用产业集团有限公司) ("**Wuxi Public Utilities**"), incorporated in PRC	RMB7,912,764.01	5.1967%
Total	RMB152,264,296.43	100%

(Table 1)

(c) **Nanrong Petrochemical Industry (Jiangyin)** is a limited liability company incorporated in the PRC on 5 November 1998 and is primarily engaged in the operation and construction of public ports and supporting facilities, the import, export and wholesale of organic and inorganic chemical products and the provision of cargo handling and warehousing services in port areas. Nanrong Petrochemical Industry (Jiangyin) possesses three (3) spherical tanks with a total volume of 15,000 cubic metres and a pressure of 0.79 Mpa. As at the date of this announcement, the paid-up registered capital of Nanrong Petrochemical Industry (Jiangyin) is RMB41,400,000. The Vendor holds 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin).

2.2. <u>Information on the Vendor</u>

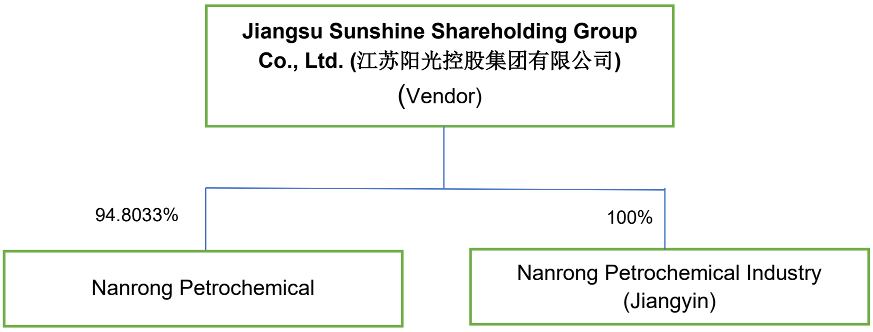
(a) The Vendor is a private company with limited liability incorporated in the PRC on 12 April 2001. The Vendor has a registered capital of RMB500,000,000, with its equity holding structure as set out in Table 2 below:

Name of shareholder	Registered capital (fully paid-up)	Percentage equity interest in the Vendor
Lu Keping (陆克平)	RMB301,450,000	60.29%
Chen Lifen (陈丽芬)	RMB168,550,000	33.71%
Wang Hongming (王洪明)	RMB30,000,000	6%
Total	RMB500,000,000	100%

(Table 2)

(b) The Vendor is primarily involved in foreign investment, software development and sales, research and development, manufacturing, processing and sale of wool, yarn, woolen sweaters, clothing, knitwear and special protection products for labour (such as anti-static overalls, acid-proof overalls, flame-retardant protective clothing), as well as the sale of textile raw materials (excluding seed cotton), building materials and chemical products (excluding dangerous goods).

(c) As at the date of this announcement, the Vendor holds 94.8033% of the equity interest in Nanrong Petrochemical and 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin). Please see the relevant group chart below for ease of reference. Upon Completion, the Vendor will sell the Sale Equity to the China Holdco through the SPVs in accordance with the terms set out in the Equity Transfer Agreement. The remaining 5.1967% of the equity in Nanrong Petrochemical is held by Wuxi Public Utilities, a wholly state-owned company controlled by the Wuxi Municipal People's Government in Wuxi City, Jiangsu Province, the PRC.



Vendor Group Chart*

**Note: Only the corporate entities that are relevant to the Proposed Acquisitions are included in the aforesaid chart.*

(d) The Vendor is an independent third party which is not related to any of the Directors, controlling shareholders of the Company and/or their respective associates. The Vendor also does not hold any shares, directly or indirectly, in the Company.

3. VALUATION OF THE TARGET COMPANIES

3.1. In connection with the Proposed Acquisitions, the Company has engaged Jiangsu Huaxin Asset Appraisal Co., Ltd. (江苏华信资产评估有限公司) as an independent valuer (the "**Valuer**") to determine the value of the Target Companies (the "**Company's Valuation**"). Based on the Company's Valuation, 100% equity interest in both of the Target Companies had a collective valuation of approximately RMB417.8million. The total valuation attributable to the Sale Equity amounted to RMB403.45 million (the "**Total Valuation**"), comprising the following:

(a) The valuation of 94.8033% of the equity interest in the total paid-up registered capital of Nanrong Petrochemical was RMB261.65 million; and

(b) The valuation of 100% of the equity interest in the total paid-up registered capital of Nanrong Petrochemical Industry (Jiangyin) was RMB141.8 million.

3.2. The Valuer, being the leading brand in the Chinese appraisal industry, was established in 1994 by the State-owned Assets Administration Bureau of Jiangsu Provincial Finance Department. It was restructured and renamed in 2000 and is now a council member of the China Asset Appraisal Association and the vice president of Jiangsu Asset Appraisal Association. The Valuer has the highest qualification in the asset appraisal industry in the PRC. In particular, it holds the relevant securities and futures related business assets appraisal agency qualification issued by the Ministry of Finance of the PRC and the China Securities Regulatory Commission. The Valuer also holds the relevant military secret-related qualification.

For more information on the Valuer, please refer to its website at http://www.jshuaxin.net/.

3.3. Based on the latest available unaudited financial statements of the Target Companies, as at 31 December 2022:

(a) The net asset value of Nanrong Petrochemical and Nanrong Petrochemical Industry (Jiangyin) was RMB168.36 million and RMB53.6 million respectively. The net asset value attributable to the Sale Equity was RMB213.21 million.

(b) The net profit before tax attributable to Nanrong Petrochemical was RMB7.03 million and the net profit before tax attributable to Nanrong Petrochemical Industry (Jiangyin) was RMB11.42 million. The net profit before tax attributable to the Sale Equity was RMB18.08 million.

3.4. Summaries of the valuation reports (the "**Valuation Reports**") will be set out in the circular to be despatched to the Shareholders in due course.

4. RATIONALE OF THE PROPOSED ACQUISITIONS

4.1. Firstly, the Proposed Acquisitions are in line with the Group's strategic efforts in further enhancing its competitiveness and influence in the petrochemicals logistics industry in the PRC. The China Holdco is seeking to transition towards providing a full suite of logistics and warehousing services in the petrochemicals industry by connecting different regions of the Yangtze River and harnessing various means of transport across water, highways and railways. The China Holdco has five existing storage areas for hazardous chemicals in the Yangtze River Basin. Following Completion, the China Holdco will gain control over the day-to-day management and operations of the Nanrong Port, allowing the China Holdco's five existing storage areas for hazardous chemicals in the Yangtze River Basin to each have access to further port resources and shoreline resources along the Yangtze River. In light of the high demand for available ports and storage resources for hazardous chemicals along the Yangtze River and the **limited supply** of such facilities and resources, the Proposed Acquisitions present an invaluable opportunity for the Group to gain access to the Nanrong Port and its accompanying resources to further enhance the Group's core competitiveness and lay the foundation for the Group's future strategic development.

4.2. Secondly, the Proposed Acquisitions will allow for the streamlining and coordination of port facilities by removing bottlenecks encountered in the China Holdco's supply of logistics services to its customers. There have been various instances where the continuous berthing of ships belonging to the Target Companies at Nanrong Port had caused ships belonging to the China Holdco's customers to be unable to berth, resulting in losses and delays suffered by the China Holdco's customers. Following Completion, the berthing of all ships at Nanrong Port will be managed and coordinated by the China Holdco in a unified manner to minimise instances of ship detention arising from competition for berthing positions between the China Holdco and the Target Companies. The China Holdco will also be in a better position to distribute its port resources to ensure optimal storage capacity, thereby increasing the efficiency of its services.

4.3. Thirdly, the Proposed Acquisitions generate operational and management synergies and efficiencies for the China Holdco. The China Holdco will gain access to additional storage resources following Completion, allowing the China Holdco to diversify and increase the varieties of products which may be stored in its facilities so that it may better serve the needs of its customers, in particular, in view of the policy that no new chemical parks or chemical projects are allowed to be built or expanded within one (1) kilometre of the main branches and tributaries of the Yangtze River. Further, the Proposed Acquisitions will enhance the China Holdco's management efficiency. Safety equipment and resources will no longer need to be shared between the China Holdco and the Target Companies, and a unified management system incorporating production, safety and environmental aspects will be used to manage both the China Holdco and the Target Companies in a seamless manner.

4.4. Lastly, the Proposed Acquisitions facilitate the sustainable development of the China Holdco's logistics network in the long run. The logistics industry in China is transitioning towards specialisation, integration and depth, with more players providing comprehensive services such as agency, loading and unloading, warehousing management, distribution and transportation, financing support and information compilation. The sustainable development of a logistics business is greatly facilitated by the presence of a port and accompanying port resources. Following Completion, the China Holdco will be equipped with its own port (that is, the Nanrong Port) and will be in a position to transition towards developing a sustainable, active and integrated comprehensive service model, which consists of its core storage business and ancillary businesses such as transportation and agency, thereby creating a complete petrochemical logistics supply chain. A sustainable service model further allows the China Holdco to consolidate its existing resources while expanding its services to more diverse groups of customers.

4.5. Given the potential synergies and efficiencies which will be created by the Proposed Acquisitions, the Board believes that the Proposed Acquisitions are in the interests of the Group and the Shareholders in the long run. The Proposed Acquisitions are undertaken pursuant to a strategic review of the financial position, operational needs, long-term strategy and direction of the Group.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

5.1. Assumptions

The *pro forma* financial effects of the Proposed Acquisitions as set out below are for illustrative purposes only and do not reflect the actual financial position or the future financial performance of the Company or the Group after Completion.

The *pro forma* financial effects in this section are based on the consolidated audited financial statements of the Group for the financial year ended 31 December 2022 ("**FY2022**"). The *pro forma* financial effects of the Proposed Acquisitions have been prepared based on the following assumptions:

(i) The Company has 203,461,883 Shares as at 31 December 2022;

(ii) The Proposed Acquisitions had been completed on 31 December 2022 for the purposes of computing the *pro forma* financial effects on the net tangible assets ("**NTA**") of the Group; and

(iii) The Proposed Acquisitions had been completed on 1 January 2022 for the purposes of computing the *pro forma* financial effects on the losses per Share ("**LPS**") of the Group for FY2022.

5.2. **Effects on NTA per Share**

		Immediately before Completion	Immediately after Completion
NTA (RMB'000)	:	543,446	543,446
Number of Shares	:	203,461,883	203,461,883
NTA per Share (RMB cents)	:	267.1	267.1

5.3. **Effects on LPS**

		Immediately before Completion	Immediately after Completion
Loss attributable to Shareholders (RMB'000)	:	(9,540)	(3,858)
Number of Shares	:	203,461,883	203,461,883
LPS (RMB cents)	:	(4.69)	(1.95)

6. PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS

6.1. Overview of the Proposed Acquisitions

The Proposed Acquisitions shall be undertaken in accordance with the terms set out in the Equity Transfer Agreement. The Equity Transfer Agreement was entered into between the China Holdco, being the purchaser, and the Vendor on 24 February 2023. Pursuant to the Equity Transfer Agreement, the China Holdco shall acquire the Sale Equity from the Vendor through the China Holdco's wholly-owned subsidiaries, Better Logistics (SPV 1) and Best Logistics (SPV 2). Following Completion, the China Holdco will hold:

(a) 94.8033% of the equity interest in Nanrong Petrochemical through Better Logistics (SPV 1) (the China Holdco's wholly-owned subsidiary); and

(b) 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin) through Best Logistics (SPV 2) (the China Holdco's wholly-owned subsidiary).

6.2. Total Consideration

The Total Consideration for the Proposed Acquisitions is RMB600,000,000 (equivalent to approximately S$116,541,061), comprising the following components:

(a) The consideration for the acquisition of 94.8033% of the equity interest in Nanrong Petrochemical by the China Holdco through its wholly-owned subsidiary, Better Logistics (SPV 1), being RMB411,000,000 (equivalent to approximately S$79,830,627); and

(b) The consideration for the acquisition of 100% of the equity interest in Nanrong Petrochemical Industry (Jiangyin) by the China Holdco through its wholly-owned subsidiary, Best Logistics (SPV 2), being RMB189,000,000 (equivalent to approximately S$36,710,434).

The Total Consideration shall be satisfied in the following manner:

(a) Approximately 5% of the Total Consideration, being a non-refundable deposit which amounts to RMB30 million, will be paid within five (5) working days from the date of the Equity Transfer Agreement.

(b) Approximately 45% of the Total Consideration, which amounts to RMB270 million ("**Initial Cash Component**"), will be satisfied by cash payment after the Conditions Precedent (as defined below) are fully satisfied.

(c) Approximately 27.5% of the Total Consideration, which amounts to approximately RMB165 million, will be satisfied by way of a debt novation exercise. To elaborate further, the existing debt in the amount of RMB165 million currently owing by the Vendor (being the original debtor) to the Target Companies (collectively, the creditors) (the "**Existing Debt A**") shall be novated ("**Debt Novation A**") to Better Logistics (SPV 1) and Best Logistics (SPV 2) respectively (namely, RMB134 million to be novated to Better Logistics (SPV1) and RMB31 million to be novated to Best Logistics (SPV2)). Pursuant to the Debt Novation A, Better Logistics (SPV 1) and Best Logistics (SPV 2) (being the new debtors) shall assume and perform all of the Vendor's obligations in connection with the Existing Debt A in place, and in substitution, of the Vendor, and all of the Vendor's rights, obligations and liabilities in connection with the Existing Debt A shall be transferred to Better Logistics (SPV 1) and Best Logistics (SPV 2) (as the new debtors of the Target Companies). In exchange for the Debt Novation A, part of the Total Consideration amounting to RMB165 million (being approximately 27.5% of the Total Consideration), which would have been paid by the China Holdco to the Vendor in cash, will be deemed as fully and duly settled upon the completion of the Debt Novation A; and

(d) Approximately 15% of the Total Consideration, which amounts to approximately RMB90 million, will be satisfied by way of another debt novation exercise. To elaborate further, the existing interest-bearing debt in the amount of RMB90 million ("**Existing Debt B**") currently owing by the Vendor (the original debtor) to Nan Rong Singapore Pte Ltd (an affiliate of the Vendor) (the creditor) ("**Nan Rong Singapore**") will be novated ("**Debt Novation B**") to Better Logistics (SPV 1) and Best Logistics (SPV 2) respectively (namely, RMB22 million to be novated to Better Logistics (SPV1) and RMB68 million to be novated to Best Logistics (SPV 2)). Pursuant to the Debt Novation B, Better Logistics (SPV 1) and Best Logistics (SPV 2) (being the new debtors) shall assume and perform all of the Vendor's obligations in connection with the Existing Debt B in place, and in substitution, of the Vendor, and all of the Vendor's rights, obligations and liabilities in connection with the Existing Debt B shall be transferred to Better Logistics (SPV 1) and Best Logistics (SPV 2) (being the new debtors of the Target Companies). In exchange for the Debt Novation B, part of the Total Consideration amounting to RMB90 million (being approximately 15% of the Total Consideration), which would have been paid by the China Holdco to the Vendor in cash, will be deemed as fully and duly settled upon the completion of the Debt Novation B. For the avoidance of doubt, Nan Rong Singapore, being the creditor, has agreed to the arrangement in relation to the Debt Novation B. Better Logistics (SPV 1) and Best Logistics (SPV 2) shall repay the Existing Debt B to Nan Rong Singapore over a period of 18 months following the Completion Date either in the form of a lump-sum payment or in instalments. The relevant repayment arrangement shall be further negotiated and agreed at the relevant time. The interest rate of 6% per annum shall continue to be applicable to such repayment.

The China Holdco intends to source for alternative financing with lower interest rates to repay the Debt Novation B.

(e) The remainder of the Total Consideration, in the amount of RMB45 million (the "**Post-Completion Cash Component**"), shall be paid to the Vendor in instalments over the next one (1) year following Completion. In consideration of the payment timeline, the Vendor has requested and China Holdco has agreed to an interest rate of 10% per annum on the Post-Completion Cash Component. The China Holdco intends to source for alternative financing with lower interest rates to repay the Post-Completion Cash Component.

The Total Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis after taking into account the following factors:

(a) The rationale of the Proposed Acquisitions as elaborated in paragraph 4 of this announcement; and

(b) The Total Valuation as concluded in accordance with the Valuation Reports.

Taking into account the above factors, the Directors are of the view that the Total Consideration for the Proposed Acquisitions is fair and reasonable, notwithstanding that the Group is paying a high premium for the Proposed Acquisitions above the Total Valuation.

6.3. Conditions Precedent

Based on the Equity Transfer Agreement, Completion is conditional upon, among other things, the fulfilment and satisfaction of the following conditions precedent ("**Conditions Precedent**"):

(a) The necessary internal authorisations and approvals having been obtained for the Proposed Acquisitions in accordance with the applicable laws and regulations and the articles of association of the relevant parties to the Proposed Acquisitions, including but not limited to the board of directors and shareholders of the China Holdco, the Vendor and the Target Companies (where applicable), as well as the Board and Shareholders of the Company, having passed resolutions approving the Proposed Acquisitions;

(b) Wuxi Public Utilities (that is, the shareholder of 5.1967% of the equity interest in Nanrong Petrochemical) having waived its rights of first refusal to acquire the relevant portion of the Sale Equity (that is, 94.8033% of the equity interest in Nanrong Petrochemical);

(c) The necessary approval from the relevant banks in respect of the external loans granted for the Initial Cash Component having been obtained and the relevant loan conditions having been met;

(d) The government registration or filing of the relevant government entity of competent jurisdiction in relation to the Proposed Acquisitions having been completed in accordance with applicable laws, including completion of the registration of the release of equity pledge in respect of the Sale Equity (the "**Equity Pledge**") so that the Sale Equity is of good and marketable title; and

(e) Apart from the Equity Pledge, there are no other encumbrances on the Sale Equity and the Vendor has full and exclusive ownership of, and proper legal and good marketable title to, the Sale Equity.

6.4. **Completion**

Completion of the Proposed Acquisitions shall occur on the date on which the relevant registration procedures required to effect the change in commercial or industrial registration in respect of the Target Companies is completed, and the updated business licences reflecting the changes in shareholding of the Target Companies are obtained (the "**Completion Date**").

7. SOURCE OF FUNDS

The Group intends to finance the Initial Cash Component and Post-Completion Cash Component of the Total Consideration using a combination of external bank borrowings of at least RMB300 million and the internal resources of the China Holdco. Please refer to paragraph 6.2 of this announcement for more information.

8. APPLICATION OF CHAPTER 10 OF THE CATALIST RULES – THE PROPOSED ACQUISITIONS AS A MAJOR TRANSACTION

8.1. **Rule 1005 of the Catalist Rules**

Rule 1005 of Chapter 10 of the Catalist Rules states that, in determining whether a transaction is a non-discloseable transaction, discloseable transaction, major transaction, very substantial acquisition or reverse takeover, the SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

As the Proposed Acquisitions both involve acquisitions of equity interest in the Target Companies from the Vendor by the China Holdco, both Target Companies are involved in the day-to-day management and operations of the Nanrong Port, and both of the Proposed Acquisitions are intended to be completed within the same 12 months' period, both of the Proposed Acquisitions have been aggregated in determining the nature of the Proposed Acquisitions.

8.2. **Relative Figures under Rule 1006 of the Catalist Rules**

Based on the latest announced financial statements of the Group, being the consolidated unaudited financial statements of the Group and the unaudited management accounts of the Target Companies for FY2022, the relative figures for the Proposed Acquisitions (when aggregated) as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable(1)
(b)	Net profits attributable to the Sale Equity in the Target Companies to be acquired pursuant to the Proposed Acquisitions, compared with the Group's net losses.	-190.18%(2)
(c)	Aggregate value of the consideration given for the Sale Equity in the Target Companies to be acquired pursuant to the Proposed Acquisitions, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	98.97%(3)

(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisitions, compared with the number of equity securities previously in issue.	Not applicable[(4)]
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable[(5)]

Notes:

(1) Not applicable as the Proposed Acquisitions are in relation to the acquisitions of assets.

(2) "Net profits/losses" means profit/loss before income tax and non-controlling interests. Based on the latest unaudited consolidated financial statements of the Group and the unaudited management accounts of the Target Companies for FY2022, the net profits attributable to the Sale Equity is RMB18.08 million and the net losses of the Group is RMB9.51 million.

(3) Under Rule 1002(5) of the Catalist Rules, "market capitalisation" is determined by multiplying the number of Shares in issue by the weighted average price of such Shares transacted on the market day preceding the date of this announcement. Accordingly, the market capitalisation of the Company is based on 203,461,883 Shares in issue and the weighted average price of S$0.241 of the Shares transacted on 20 February 2023, being the last market date preceding the date of this announcement that the Shares were traded, and as such the market capitalisation for the purposes of the Proposed Acquisitions is S$49,034,314. The portion of the Total Consideration for the Proposed Acquisitions to the Company is S$48,527,698 (being 41.64% of the Total Consideration at the exchange rate of S$1.00 to RMB5.1484, being the exchange rate of RMB to SGD on 23 February 2023).

(4) Not applicable as there will be no issuance of shares as consideration for the Proposed Acquisitions.

(5) Not applicable as the Company is not a mineral, oil or gas company.

8.3. The Proposed Acquisitions as a Major Transaction under Chapter 10 of the Catalist Rules

Save for Rule 1006(b) of the Catalist Rules which exceeds 100%, the relative applicable figure computed on the bases set out in Rule 1006(c) of the Catalist Rules exceeds 75% but does not exceed 100%. Accordingly, the Proposed Acquisitions, when aggregated, collectively constitute a "major transaction" as defined in Chapter 10 of the Catalist Rules. Accordingly, the approval of the Shareholders is required for the Proposed Acquisitions.

To elaborate further, the relative figure computed under Rule 1006(b) of the Catalist Rules exceeds 100% and is a negative figure. This was mainly because the Target Companies were profitable while the Group reported a loss for FY2022. Pursuant to Rule 1015(8) of the Catalist Rules, Rule 1015 of the Catalist Rules relating to "very substantial acquisitions" does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b) of the Catalist Rules. Accordingly, reading Rule 1006(b) and Rule 1015(8) together, the Proposed Acquisitions, when aggregated, are not considered a "very substantial acquisition" or "reverse takeover" as defined in Chapter 10 of the Catalist Rules since the only limit breached is Rule 1006(b).

In view of the above, as the Proposed Acquisitions constitute a major transaction as defined in Chapter 10 of the Catalist Rules, the Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of the Shareholders for the Proposed Acquisitions.

A circular containing, *inter alia*, the details of, together with the opinions and recommendations of the Directors in relation to the Proposed Acquisitions and enclosing the notice of EGM in connection therewith, will be despatched to Shareholders in due course.

9. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS OR THEIR ASSOCIATES IN THE PROPOSED ACQUISITIONS

None of the Directors (other than in his capacity as a Director or Shareholder, as the case may be), substantial Shareholders or their associates has any interest, direct or indirect, in the Proposed Acquisitions.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director in connection with the Proposed Acquisitions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisitions, the Company and its subsidiaries (including its joint venture company, that is, the China Holdco), and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement and the circular in its proper form and context.

12. DOCUMENTS FOR INSPECTION

Copies of the Equity Transfer Agreement and the Valuation Reports will be made available for inspection during normal business hours at the registered office of the Company at 10 Anson Road, #25-06 International Plaza, Singapore 079903 for a period of three (3) months from the date of this announcement.

13. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. There is no certainty or assurance that the Proposed Acquisitions will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Acquisitions and other matters contemplated in this announcement. Shareholders are advised to read this announcement and any further announcements by the

Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

GU WEN LONG
Director and Chief Executive Officer

24 February 2023

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*This announcement has been reviewed by the Company's Sponsor, Xandar Capital Pte Ltd ("**Sponsor**"). This announcement has not been examined or approved by 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.*