恒阳

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 ("9M2019")

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

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

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

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

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

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

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

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

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Group		
	9M2019 (Unaudited) RMB'000	9M2018 (Unaudited) RMB'000	% (+/-)
Revenue	**-**	**-**	**-**
Cost of sales	-	-	-
Gross profit	**-**	**-**	**-**
Other income	1,449	757	91.4
Administrative and other expenses	(3,229)	(3,397)	(4.9)
Share of result of joint venture	(18,694)	(18,682)	(0.1)
Loss before tax	**(20,474)**	**(21,322)**	**4.0**
Net loss for the financial period	**(20,474)**	**(21,322)**	**4.0**
Loss attributable to:			
Owners of the parent	(14,112)	(14,874)	5.1
Non-controlling interests	(6,362)	(6,448)	1.3
	(20,474)	**(21,322)**	**4.0**
Total Comprehensive Loss attributable to:			
Owners of the parent	(14,112)	(14,874)	5.1
Non-controlling interests	(6,362)	(6,448)	1.3
	(20,474)	**(21,322)**	**4.0**

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

Income Statement of China Holdco Group for the nine months ended 30 September 2019:

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

	9M2019 (Unaudited) RMB'000	9M2018 (Unaudited) RMB'000
Revenue[1] [2]	**734,026**	**275,071**
Cost of sales[2]	(706,728)	(259,703)
Gross profit	**27,298**	**15,368**
Other income	5,261	3,846
Compensation from insurer[3]	-	14,650
Administrative and other expenses	(36,038)	(35,652)
Finance costs	(23,657)	(20,250)
Loss before tax	**(27,136)**	**(22,038)**
Income tax expense	(5,908)	(1,421)
Loss for the period	**(33,044)**	**(23,459)**
Non-controlling interest	423	118
Owners of China Holdco	**(33,467)**	**(23,577)**
51% share proportion	51%	51%
Share of result of China Holdco	**(17,068)**	**(12,024)**
Depreciation and amortisation on fair value adjustment[4]	(1,626)	(6,658)
Share of result of joint venture	**(18,694)**	**(18,682)**

Note 1: Jiangsu Xinheng Supply Chain Management Service Co., Ltd. generate a trading revenue of RMB544.17 million in 9M2019 compared to RMB93.86 million in 9M2018.

Revenue from Transport segment decreased by RMB7.31 million from RMB94.94 million in 9M2018 to RMB87.63 million in 9M2019, which was mainly because one of the major customers changed its transportation routine from inland waterway transportation to river-ocean combined transportation.

Revenue from Storage segment increased by RMB15.96 million from RMB86.27 million in 9M 2018 to RMB102.23 million in 9M2019. It was mainly due to:

(a) RMB7 million increase in revenue from Jiangyin Foreversun Chemical Logistics Co. Ltd. arising from the increase in long-term revenue and overdue fee.

(b) RMB4.51 million increase in revenue from Yueyang Hengyang Petrochemical Logistics Co. Ltd. arising from the increase of average storage service fee from oil customer.

Note 2: Revenue and cost of sales in respect of 9M2018 have been restated to take into account certain inter-company eliminations.

Note 3: The Insurance claims of Deqiao Accident received in 1Q2018 was an one-off and non-recurring item.

Note 4: The fair value adjustment arose from the initial recognition in May 2017 from fair value adjustment on property, plant and equipment and land use rights of the joint venture, and amortized over the useful life of these assets of the joint-venture.

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

	Group		Company	
	30.09.2019 (Unaudited) RMB'000	31.12.2018 (Audited) RMB'000	30.09.2019 (Unaudited) RMB'000	31.12.2018 (Audited) RMB'000
Non-current assets				
Investments in subsidiaries	-	-	267,472	267,472
Investment in joint venture	551,226	569,920	-	-
Right of use assets	64	-	-	-
	551,290	569,920	267,472	267,472
Current assets				
Other receivables	15	15	-	-
Amount owing by related parties	194	188	6	6
Amount owing by subsidiaries	-	-	10,542	10,542
Cash and cash equivalents	85,195	87,851	47,720	49,831
	85,404	88,054	58,268	60,379
Less:				
Current liabilities				
Other payables	829	1,186	583	660
Amount owing to directors	389	902	389	902
Amount owing to a subsidiary	-	-	30,813	30,037
Lease Liability	64	-	-	-
	1,282	2,088	31,785	31,599
Net current assets	84,122	85,966	26,483	28,780
Less:				
Non-current liability				
Derivative financial instrument	4,366	4,366	-	-
Net assets	631,046	651,520	293,955	296,252
Equity				
Share capital	289,064	289,064	289,064	289,064
Other reserve	83,004	83,004	-	-
Retained earnings	47,380	61,492	4,891	7,188
Equity attributable to owners of the parent	419,448	433,560	293,955	296,252
Non-controlling interests	211,598	217,960	-	-
Total equity	631,046	651,520	293,955	296,252

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

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

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

	Group	
	9M2019 (Unaudited) RMB'000	9M2018 (Unaudited) RMB'000
Operating activities		
Loss before income tax	(20,474)	(21,322)
Adjustments for:		
Depreciation of right of use assets	40	-
Share of result of joint venture	18,694	18,682
Interest expense	3	-
Operating cash flows before working capital changes	(1,737)	(2,640)
Working capital changes:		
Other receivables (including related parties)	(6)	(5)
Other payables (including directors and related parties)	(870)	(448)
Cash used in operations	(2,613)	(3,093)
Income tax	-	20
Net cash used in operating activities	(2,613)	(3,073)
Financing activities		
Principal element of lease payments	(40)	-
Interest expense	(3)	-
Net cash used in financing activities	(43)	-
Net change in cash and cash equivalents	(2,656)	(3,073)
Cash and cash equivalents at beginning of the financial period	87,851	92,738
Cash and cash equivalents at end of the financial period	85,195	89,665

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

Company (RMB'000)	Share capital	Retained earnings	Total equity
(Unaudited)			
Balance as at 1 January 2019	**289,064**	**7,188**	**296,252**
Loss for the period	-	(29)	(29)
Balance as at 31 March 2019	**289,064**	**7,159**	**296,223**
Loss for the period	-	(1,406)	(1,406)
Balance as at 30 June 2019	**289,064**	**5,753**	**294,817**
Loss for the period	-	(862)	(862)
Balance as at 30 September 2019	**289,064**	**4,891**	**293,955**

Company (RMB'000) (Unaudited)	Share capital	Retained earnings	Total equity
Balance as at 1 January 2018	**289,064**	**10,989**	**300,053**
Loss for the period	-	(862)	(862)
Balance as at 31 March 2018	**289,064**	**10,127**	**299,191**
Loss for the period	-	(236)	(236)
Balance as at 30 June 2018	**289,064**	**9,891**	**298,955**
Loss for the period	-	(1,803)	(1,804)
Balance as at 30 September 2018	**289,064**	**8,088**	**297,152**

HENGYANG PETROCHEMICAL LOGISTICS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
Group (RMB'000)	**Share capital**	**Other reserve**	**Retained earnings**	**Equity attributable to owners of the parent**	**Non-controlling Interests**	**Total equity**
(Unaudited)						
Balance as at 1 January 2019	**289,064**	**83,004**	**61,492**	**433,560**	**217,960**	**651,520**
Total comprehensive loss for the period	-	-	(5,637)	(5,637)	(3,020)	(8,657)
Balance as at 31 March 2019	**289,064**	**83,004**	**55,855**	**427,923**	**214,940**	**642,863**
Total comprehensive income for the period	-		(3,553)	(3,553)	(1,155)	(4,708)
Balance as at 30 June 2019	**289,064**	**83,004**	**52,302**	**424,370**	**213,785**	**638,155**
Total comprehensive income for the period	-		(4,922)	(4,922)	(2,187)	(7,109)
Balance as at 30 September 2019	**289,064**	**83,004**	**47,380**	**419,448**	**211,598**	**631,046**
(Unaudited)						
Balance as at 1 January 2018	**289,064**	**83,004**	**79,338**	**451,406**	**225,523**	**676,929**
Total comprehensive loss for the period	-	-	(1,113)	(1,113)	(135)	(1,248)
Balance as at 31 March 2018	**289,064**	**83,004**	**78,225**	**450,293**	**225,388**	**675,681**
Total comprehensive income for the period	-	-	(6,827)	(6,827)	(3,550)	(10,377)
Balance as at 30 June 2018	**289,064**	**83,004**	**71,398**	**443,466**	**221,838**	**665,304**
Total comprehensive income for the period	-	-	(6,934)	(6,934)	(2,763)	(9,697)
Balance as at 30 September 2018	**289,064**	**83,004**	**64,464**	**436,532**	**219,075**	**655,607**

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

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles, treasury shares or subsidiary holdings held as at 30 September 2019 and 30 September 2018.

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

	30.09.2019	**31.12.2018**
Total number of issued shares (excluding treasury shares)	203,461,883	203,461,883

The Company does not have any treasury shares as at 30 September 2019 and 31 December 2018.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The accounting policies and computation methods adopted in the financial statements for the period ended 30 September 2019 are the same as those adopted in the preceding year except for the adoption of SFRS(I) 16 Leases. The Group adopted SFRS(I) 16 Leases, which is effective for annual period beginning on or after 1 January 2019. On 1 January 2019, the Group recognised right-of-use assets and lease liabilities of RMB0.10 million for its leases previously classified as operating leases.

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 the above para 4.

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

Earnings per ordinary share:	**Group**	
	9M2019 Unaudited	9M2018 Unaudited
Weighted average number of ordinary shares used in computation of basic LPS	203,461,883	203,461,883
Basic and diluted LPS (RMB cents)	(6.94)	(7.31)

Notes:

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

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

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

	Group		**Company**	
	30.09.2019 Unaudited	31.12.2018 Audited	30.09.2019 Unaudited	31.12.2018 Audited
Net asset value per ordinary share (RMB cents)	206.2	213.1	144.5	145.6

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.

Statement of comprehensive income of the Group

Other income of RMB1.45 million in 9M2019 was interest income.

Administrative and other expenses of RMB3.23 million in 9M2019 and RMB3.40 million in 9M2018 are in respect of the Company and its 65% owned subsidiary HHPL.

Share of result of joint venture

The Group had recognised its share of result of joint venture of RMB18.69 million loss in 9M2019 and RMB26.15 million loss (excluding insurance compensation received relating to the Deqiao Accident) in 9M2018 attributable to the Group's 51% equity interest in China Holdco Group. The lower loss in 9M2019 was mainly due to the higher revenue in 9M2019 compared with 9M2018(Please refer to Page 3 for detailed information).

Statement of financial position of the Group as at 30 September 2019

As at 30 September 2019, the Group recorded an investment in joint venture that amounted to RMB551.23 million, which decreased by RMB18.69 million compared to RMB569.92 million as at 31 December 2018. The decrease was due to equity accounting for the share of loss of the joint venture.

Other payables decreased from RMB1.19 million as at 31 December 2018 to RMB0.83 million as at 30 September 2019 due to timely payments of some administrative expenses.

The Group recorded a derivative financial instrument that amounted to RMB4.37 million, which was related to an Option granted to the joint venture partner CITIC Port to acquire from the group an additional 2% equity interest in China Holdco for an aggregate consideration not exceeding RMB50.00 million. The Option should be exercised within one year after the expiration of two years from the date of Completion of the Subscription and the Disposal (22 May 2017).

Statement of Cash Flows of the Group for 9M2019

As at 30 September 2019, the Group recorded cash and cash equivalents of RMB85.20 million as compared to RMB87.85 million as at 31 December 2018.

Cash flows for 9M2019 are in respect of the Company and its 65% owned investment holding subsidiary Hengyang Holding Pte Ltd ("HHPL").

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

The Group has not issued any forecast.

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

China's gross domestic product expanded 6.2% in 9M2019. GDP growth was in line with expectations, which ranged from 6.0% to 6.5%.

However, market conditions remain challenging due to external uncertainties and domestic economic transformation problems. The real economy faces some difficulties such as rising costs and declining profitability. The current trade war between China and the USA, the new industrial development plan 2025, the expansion of Chinese investment over-seas under the one belt one road initiative and the relocation of some low-tech and labour intensive industries may exacerbate economic and industrial uncertainties and instability.

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

Due to the continued suspension of the operations of our Deqiao facility, which formed a significant part of the Group's operations, the Group expects to report a loss for the current financial year. (As discussed in note 15, the restoration works of the storage facilities have been fundamentally completed and the management is awaiting the examination and approves from the related authorities to commence operations. Subject to the necessary regulatory approvals being obtained, the management expects that the Deqiao facilities to commence operations in the 1st quarter of 2020.)

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 9M2019.

(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 9M2018.

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

No dividend has been declared for 9M2019 as the Group had registered a loss.

13. Interested Person Transactions ("IPT")

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandated pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the existing shareholders' mandated pursuant to Rule 920 (excluding transactions less than $100,000)
	RMB'000	RMB'000
Provision of Petrochemical storage services and land transport services		
- Jinqiao Chemical[(1)]	-	5,928
- Wuhan Kangyang[(2)]	-	96
Interest expense charged		
- Jinqiao Chemical	-	3,800
- Wuhan Kangyang	-	1,219
- Gu Wenlong	-	576
Interest income charged	-	
- Jinqiao Chemical	-	1,210

Notes:

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

(2) Wuhan Kangyang and are controlled by Jinqiao Chemical.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Confirmation By The Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that to the best of the knowledge of the Directors of the Company, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for 9M2019 to be false or misleading in any material aspect.

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

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

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

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

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

GU WEN LONG
Chairman and Chief Executive Officer

DIONG TAI PEW
Lead Independent Director (AC Chairman)

BY ORDER OF THE BOARD

GU WEN LONG
Chairman and Chief Executive Officer

11 November 2019

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

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