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HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 31 MARCH 2021 ("1Q2021")

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 the People's Republic of China ("**PRC**"). Accordingly, the Group's consolidated financial statements have been prepared in Chinese Renminbi ("**RMB**"), being the presentation currency of the Group.

On 19 March 2017, the Company announced that its then 65%-owned subsidiary, Hengyang Holding Pte Ltd ("**HHPL**") had entered into agreements involving an investment in Jiangyin Foreversun Chemical Logistics Co., Ltd ("**China Holdco**") by Citic Port Investment Co., Ltd ("**CITIC Port**") by way of subscription of new shares and acquisition of interest from HHPL. On 22 May 2017, the Company announced the completion of the transactions and that HHPL's interest in China Holdco had accordingly reduced from 100% to 51%, with CITIC Port holding the remaining 49%. As a result, the Group had lost its practicable ability to direct the relevant activities of China Holdco and had derecognized the assets and liabilities of China Holdco from the Group's consolidated financial statements. That is, the assets and liabilities of China Holdco were no longer consolidated in the Group's financial statements and henceforth, the Group has applied the equity method of accounting for the remaining 51% interest in China Holdco as an investment under "*Investment in Joint Venture*".

On 15 October 2020, the Company completed the acquisition of the remaining 35% interest in HHPL from MEGCIF Investments 5 Limited ("**HHPL Acquisition**") and its interest in HHPL accordingly increased from 65% to 100%. Pursuant to the HHPL Acquisition, the Group's effective interest in China Holdco (held through HHPL) had also increased from 33.15% to 51%.

The financial statements presented herein have been prepared using the equity method of accounting in respect of the Group's 51% interest in China Holdco and such interest has been accounted for as an investment under "*Investment in Joint Venture*" on the Group's balance sheets.

Shareholders should note that the Group's interest in China Holdco represents its entire business and operations in 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.

	Group		
	1Q2021 (Unaudited) RMB'000	1Q2020 (Unaudited) RMB'000	% (+/-)
Other income	136	526	(74.1)
Administrative and other expenses	(679)	(501)	35.5
Share of result of joint venture	3,757	(14,605)	nm
Profit/(loss) before tax	**3,214**	**(14,580)**	**nm**
Income tax expense	-	-	-
Net profit/(loss) for the financial period	**3,214**	**(14,580)**	**nm**
Profit/(loss)attributable to:			
Owners of the parent	3,214	(9,078)	nm
Non-controlling interests (1)	-	(5,502)	(100.0)
	3,214	**(14,580)**	**nm**
Total comprehensive income/(loss) attributable to:			
Owners of the parent	3,214	(9,078)	nm
Non-controlling interests	-	(5,502)	(100.0)
	3,214	**(14,580)**	**nm**

Note: nm denotes not meaningful.

Note 1: Following the completion of the HHPL Acquisition on 15 October 2020, HHPL has become a wholly-owned subsidiary of the Company. The loss attributable to non-controlling interests in the three-month period ended 31 March 2020 ("**1Q2020**") amounting to RMB5.50 million in 1Q2020 relates to the loss relating to HHPL prior to completion of the HHPL Acquisition.

Income Statement of China Holdco Group for the three-month financial period ended 31 March 2021:

	1Q2021 (Unaudited) RMB'000	1Q2020 (Unaudited) RMB'000	% (+/-)
Revenue(1)	**122,878**	**238,999**	**(48.6)**
Cost of sales(2)	(87,639)	(243,916)	**(64.1)**
Gross profit/(loss)(3)	**35,239**	**(4,917)**	**nm**
Other income(4)	1,911	603	216.9
Administrative and other expenses(5)	(12,866)	(9,386)	37.1
Finance costs	(15,686)	(14,818)	5.9
Profit/(loss) before tax	**8,598**	**(28,518)**	**nm**
Income tax expense	(121)	614	nm
Profit/(loss) for the financial period	**8,477**	**(27,904)**	**nm**
Non-controlling interest	48	(327)	nm
Owners of China Holdco	**8,429**	**(27,577)**	**nm**
51% share proportion	51%	51%	-
Share of result of China Holdco	**4,299**	**(14,064)**	**nm**
Depreciation and amortisation on fair value adjustment(6)	(542)	(541)	-
Share of result of joint venture	**3,757**	**(14,605)**	**nm**

Note 1:

Revenue from logistics service segment under Jiangsu Xinheng Supply Chain Management Service Co., Ltd. ("**Jiangsu Xinheng**")[1] decreased significantly by RMB176.23 million or 90.91%, from RMB193.83 million in 1Q2020 to RMB17.6 million in 1Q2021, as China Holdco had disposed its entire 85% interest in Jiangsu Xinheng in January 2021.

Revenue from transportation segment increased by RMB7.67 million or 36.25%, from RMB21.14 million in 1Q2020 to RMB28.81 million in 1Q2021, as the business operation has returned to its pre-pandemic level in 1Q2021.

Revenue from storage service segment increased significantly by RMB52.44 million or 218.32%, from RMB24.02 million in 1Q2020 to RMB76.46 million in 1Q2021, mainly due to the following:

(a) an increase in revenue of RMB47.22 million from Deqiao Logistics Co., Ltd., with the resumption of its operations in September 2020;

(b) an increase in revenue of RMB5.91 million from Yueyang Hengyang Petrochemical Logistics Co., Ltd. as its business operation has returned to pre- COVID-19 pandemic level; offset by

(c) a decrease in revenue of RMB1.05 million from Chongqing New Hengyang Logistics Co., Ltd., as a result of the decrease in capacity utilisation.

[1] On 11 January 2021, the Company announced that China Holdco had entered into a conditional sale and purchase agreement with Jiangyin Jingang Chemical Co., Ltd to dispose its entire 85% interest in Jiangsu Xinheng. Please refer the SGXNET announcement dated 11 January 2021 for further details.

Note 2: Cost of sales decreased by RMB156.28 million or 64.1%, as a result of a decrease of RMB176.15 million attributable to the logistics service segment which was offset by an increase of RMB19.87 million attributable to the other segments.

Note 3: Gross profit increased significantly by RMB40.14 million, from a loss of RMB4.91 million in 1Q2020 to a profit of RMB35.23 million in 1Q2021. Gross profit margin increased from -2.05% in 1Q2020 to 28.67% in 1Q2021. The turnaround in gross profit margin was due to higher revenue from the storage service segment, which typically has better margins compared to the other segments.

Note 4: Other income increased by RMB1.3 million or 216.9%, mainly attributed to RMB1.06 million gain on disposal of Jiangsu Xinheng.

Note 5: Administrative and other expenses increased by RMB3.48 million or 37.1%, mainly due to the increase in manpower costs and sales-related expenses with the resumption of Deqiao's operation in September 2020.

Note 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.

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.

	Group		Company	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	(Unaudited) RMB'000	(Audited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000
Non-current assets				
Investments in subsidiaries	-	-	303,472	303,472
Investment in joint venture	537,179	533,422	-	-
Right of use asset	138	151	-	-
	537,317	533,573	303,472	303,472
Current assets				
Other receivables	69	64	-	10
Interest income receivable	87	48	16	-
Amount owing by related parties	185	187	6	6
Amount owing by subsidiaries	-	-	11,158	11,158
Cash and cash equivalents	44,102	44,823	7,121	7,888
	44,443	45,122	18,301	19,062
Less:				
Current liabilities				
Other payables	1,218	1,233	752	761
Amount owing to directors	602	724	602	724
Amount owing to a subsidiary	-	-	29,262	29,588
Current income tax payable	97	97	97	97
Lease Liability	49	49	-	-
	1,966	2,103	30,713	31,170
Net current assets/liabilities	42,477	43,019	(12,412)	(12,108)
Less:				
Non-current liability				
Lease Liability	90	102	-	-
Net assets	579,704	576,490	291,060	291,364
Equity				
Share capital	289,064	289,064	289,064	289,064
Other reserve	83,004	83,004	-	-
Retained earnings	207,636	204,422	1,997	2,300
Equity attributable to owners of the parent	579,704	576,490	291,061	291,364
Total equity	579,704	576,490	291,061	291,364

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 March 2021		As at 31 March 2020	
Secured (S$'000)	Unsecured (S$'000)	Secured (S$'000)	Unsecured (S$'000)
-	-	-	-

Amount repayable after one year

As at 31 March 2021		As at 31 March 2020	
Secured (S$'000)	Unsecured (S$'000)	Secured (S$'000)	Unsecured (S$'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

The Company's independent auditor, BDO LLP, had previously reported an emphasis of matter in respect of contingent liabilities in relation to the Group's audited financial statements for the financial year ended 31 December 2020 (the "**Audited Financial Statements**"). Please refer to Note 24 of the Audited Financial Statements for details.

As at 31 March 2021, the Group and its joint venture partners had given guarantees amounting up to RMB890,026,500 (31/12/2020: RMB890,026,500) to certain lenders in respect of borrowings of the China Holdco Group.

At 31 March 2021, the total amount of borrowings covered by the guarantees is RMB680,235,000 (31/12/2020: RMB675,138,000). 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 March 2021, the current liabilities of the China Holdco Group exceeded its current assets by RMB948,795,436. The China Holdco Group has RMB1,054,600,000 of borrowings which are due for repayment within the next 12 months from the reporting date, of which RMB517,446,000 were guaranteed by the Group.

There was no default or non-repayment since the inception of these borrowings. The Company's directors are confident that the outcome of negotiations with the lenders to refinance the borrowings will be favourable and will be completed before these borrowings become due for repayment. Furthermore, Jiangyin Group's borrowings are secured over mortgages against fixed assets of Jiangyin Group. As at 31 March 2021, 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.

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	
	1Q2021 (Unaudited) RMB'000	1Q2020 (Unaudited) RMB'000
Operating activities		
Profit/(loss) before income tax	3,214	(14,580)
Adjustments for:		
Depreciation of right of use assets	13	15
Share of result of joint venture	(3,757)	14,605
Interest income	(136)	(526)
Interest expense	2	1
Operating cash flows before working capital changes	(664)	(485)
Other receivables (including related parties)	(3)	8
Other payables (including directors and related parties)	(137)	(827)
Cash used in operations	(804)	(1,304)
Net cash used in operating activities	(804)	(1,304)
Investing activities		
Interest received	97	526
Net cash generated from investing activities	97	526
Financing activities		
Principal element of lease payments	(12)	(13)
Interest expense	(2)	(1)
Net cash used in financing activities	(14)	(14)
Net change in cash and cash equivalents	(721)	(792)
Cash and cash equivalents at the beginning of the financial year	44,823	84,845
Cash and cash equivalents at end of the financial year	44,102	84,053

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.

Company (RMB'000)	Share capital	Retained earnings	Total equity
(Unaudited)			
Balance as at 1 January 2021	**289,064**	**2,300**	**291,364**
Total comprehensive loss for the period	-	(303)	(303)
Balance as at 31 March 2021	**289,064**	**1,997**	**291,061**

Company (RMB'000) (Unaudited)			
Balance as at 1 January 2020	**289,064**	**4,158**	**293,222**
Total comprehensive income for the period	-	1,141	1,141
Balance as at 31 March 2020	**289,064**	**5,299**	**294,363**

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 2021	**289,064**	**83,004**	**204,422**	**576,490**	**-**	**576,490**
Total comprehensive income for the period	-	-	3,214	3,214	-	3,214
Balance as at 31 March 2021	**289,064**	**83,004**	**207,636**	**579,704**	**-**	**579,704**
(Unaudited)						
Balance as at 1 January 2020	**289,064**	**83,004**	**36,842**	**408,910**	**206,318**	**615,228**
Total comprehensive loss for the period	-	-	(9,078)	(9,078)	(5,502)	(14,580)
Balance as at 31 March 2020	**289,064**	**83,004**	**27,764**	**399,832**	**200,816**	**600,648**

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 31 March 2020 and 31 March 2021.

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.

	31.03.2021	31.12.2020
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 March 2021 and 31 December 2020.

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.

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)). The accounting policies and computation methods adopted in the financial statements for the three months ended 31 March 2021 are the same as those adopted in the preceding year.

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

The Group has adopted SFRS(I) and the interpretations that are mandatory for application and relevant to the Group from 1 January 2021. The adoption of these new SFRS(I) and interpretation did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the three months ended 31 March 2021.

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	
Earnings/(loss) per ordinary share:	1Q2021 Unaudited	1Q2020 Unaudited
Weighted average number of ordinary shares used in computation of basic EPS/(LPS)	203,461,883	203,461,883
Basic and diluted EPS/(LPS) (RMB cents)	1.58	(4.46)

Notes:

(a) Basic earnings per share ("**EPS**")/loss per share ("**LPS**") is calculated by dividing the net profit/loss 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/LPS is the same as the basic EPS/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.

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	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	Unaudited	Unaudited	Unaudited	Unaudited
Net asset value per ordinary share (RMB cents)	284.9	283.3	143.1	143.2

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

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

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

Consolidated statement of comprehensive income of the Group

Other income relates to interest income and decreased by RMB0.39 million or 74.1% from RMB0.52 million in 1Q2020 to RMB0.13 million in 1Q2021, mainly due to the reduced cash balance within the Group.

Administrative and other expenses relate to expenses incurred by the Company and HHPL and increased by RMB0.18 million or 35.5% from RMB0.50 million in 1Q2020 to RMB0.68 million in 1Q2021.

Share of results of joint venture relates to its 51% interest in the China Holdco Group. Share of profit amounted to RMB3.75 million in 1Q2021, while share of loss incurred in 1Q2020 was RMB14.61 million. Please refer to the explanatory notes under Paragraph 1(a)(i) for the financial performance of the China Holdco Group.

As a result of the aforementioned, the Group recorded a net profit attributable to owners of the parent of RMB3.2 million in 1Q2021 as compared to a loss of RMB9.07 million in 1Q2020. The turnaround was mainly due to the improvement in financial performance of the China Holdco Group with the resumption in operation of Deqiao facility in September 2020 and the cessation of non-controlling interest with the completion of the HHPL Acquisition in October 2020.

Consolidated statement of financial position of the Group

Non-current assets comprise mainly the Group's investment in joint venture which relates to its interest in the China Holdco Group and right-of-use asset. Non-current assets increased by RMB3.74 million from RMB533.57 million as at 31 December 2020 to RMB 537.31 million as at 31 March 2021, mainly due to an increase in investment in joint venture. Investment in joint venture increased by RMB3.75 million from RMB533.42 million as at 31 December 2020 to RMB537.17 million as at 31 March 2021, due to the share of profit relating to the China Holdco Group in 1Q2021.

Current assets comprise mainly cash and cash equivalents, amount owing by related parties, other receivables and interest income receivables. Current assets decreased by RMB0.68 million from RMB45.12 million as at 31 December 2020 to RMB44.44 million as at 31 March 2021, mainly due to a decrease in cash and cash equivalents. Cash and cash equivalents decreased by RMB0.72 million from RMB44.82 million as at 31 December 2020 to RMB44.1 million as at 31 March 2021.

Current liabilities comprise mainly other payables, amount owing to directors, lease liability and income tax payable. Current liabilities decreased by RMB0.14 million from RMB2.1 million as at 31 December 2020 to RMB1.96 million as at 31 March 2021, mainly due to the payment of amount owing to directors.

Non-current liabilities relates to lease liability due to be paid more than one year.

Consolidated statement of cash flows of the Group

The Group recorded cash and cash equivalents of RMB44.1 million as at 31 March 2021, as compared to RMB84.05 million as at 31 March 2020, a decrease of RMB39.95 million. The decrease was mainly due to payment of cash consideration of RMB36.0 million for the HHPL Acquisition in October 2020.

Net cash used in operating activities amounted to RMB0.8 million.

Net cash used in investing activities and net cash used in financing activities were insignificant.

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.

China's GDP increased by 18.3% in 1Q2021 compared with 1Q2020. With further easing of the pandemic situation and the expansion of vaccination coverage, China's economic development has further improved, domestic and external trades have recovered significantly.It is envisaged that the Gross Domestic Products of China will further improve in 2021.

With the new ecological protection initiative along the Yangtze river catchment region launched by the PRC government, the main focus of China Holdco Group is to capitalise on the

advantages of its strategic network of facilities established along Yangtze river which is in alignment with this initiative.

With the resumption in operations of the Deqiao facility in September 2020, the Board is cautiously optimistic of the Group's financial performance in the current financial year ending 31 December 2021.

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 1Q2021.

(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 1Q2020.

(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/recommended, a statement to that effect and the reason(s) for that decision

The Board has decided not to recommend any dividend because China Holdco has not proposed or paid a dividend during 1Q2021. As such, the Company could not pay a meaningful amount of dividend without depleting its cash resources.

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' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted 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)	-	17,360
Interest expense charged(2)		
- Jinqiao Chemical(1)	-	1,243
- Gu Wenlong	-	192

Notes:

(1) Jiangyin Golden Bridge Chemical Co., Ltd ("**Jinqiao Chemical**") is wholly-owned by Ms Sun Fang, the spouse of Mr Gu Wenlong who is the Chairman and Chief Executive Officer and Controlling Shareholder of the Company.

(2) The interest expenses charged were in relation to loans extended by Jinqiao Chemical and Mr Gu Wenlong for working capital purposes.

14. Confirmation By The Board

We, Gu Wen Long and Diong Tai Pew, being directors of the Company ("**Directors**"), hereby confirm on behalf of the Board of Directors that, to the best of the Directors' knowledge, nothing has come to the attention of the board of Directors which may render the financial statements of the Group for the three-month period ended 31 March 2021 to be false or misleading in any material aspect.

On behalf of the board of Directors

GU WEN LONG	DIONG TAI PEW
Chairman and Chief Executive Officer	Lead Independent Director (AC Chairman)

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

The board of Directors hereby confirms that the undertakings under Rule 720(1) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") have been obtained from all the directors and executive officers as required in the format set out in Appendix 7H of the Catalist Rules.

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

On 11 January 2021, the Company announced that China Holdco had entered into a sale and purchase agreement with Jiangyin Jingang Chemical Co., Ltd. ("**Purchaser**") to dispose its entire 85% interest in Jiangsu Xinheng ("**Disposal**") for an aggregate cash consideration of RMB18,062,500 (equivalent to approximately S$3,678,717).

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% of the equity of Jiangsu Xinheng at RMB21,241,000 (equivalent to approximately S$4,326,069); (b) the historical operating track record and financial performance of Jiangsu Xinheng; and (c) the rationale and benefits to the Group for the Disposal.

Based on the unaudited management accounts of Jiangsu Xinheng as at 31 October 2020, the book value of the 85% in Jiangsu Xinheng amounted to approximately RMB18,051,535 (or equivalent to approximately S$3,676,484).

Please refer to the Company's announcements in relation to the Disposal dated 11 January 2021 and 15 January 2021 for more information.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group during 1Q2021 which is required to be reported under Rule 706(A) of the Catalist Rules.

BY ORDER OF THE BOARD

GU WEN LONG
Chairman and Chief Executive Officer

7 May 2021

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*This announcement has been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: (65) 6337 5115.*