



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS
AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The Board of Directors (the “**Directors**”) of Hengyang Petrochemical Logistics Limited (the “**Company**”) refers to its full year results announcement for the financial year ended 31 December 2021 (“**FY2021**”) dated 23 February 2022 (the “**Preliminary Unaudited Results FY2021**”).

Pursuant to Rule 704(5) of the Listing Manual (Section B : Rules of Catalyst) of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), the Company wishes to announce that subsequent to the release of the Preliminary Unaudited Results FY2021, the external auditors proposed certain reclassifications and adjustment which the management of the Company adopted accordingly.

Material variances

The details and explanation of the material variances between the audited financial statements of the Company and its subsidiaries (the “**Group**”) for FY2021 (the “**Audited Results FY2021**”) and the Preliminary Unaudited Results FY2021 are shown below:

Consolidated statement of profit or loss and other comprehensive income of the Group

RMB'000	Preliminary Unaudited Results FY2021	Audited Results FY2021	Variance	Explanatory Note
Other income	710	710	-	
Administrative and other expenses	(3,716)	(4,066)	(350)	A
Interest expense	(7)	(7)	-	
Share of result of joint venture	(2,360)	(1,469)	891	B
Loss on partial disposal of joint venture	(18,736)	(18,736)	-	
Loss before tax	(24,109)	(23,568)	541	
Income tax expense	-	-	-	
Net loss for the financial period	(24,109)	(23,568)	541	
Loss attributable to:				
Owners of the parent	(24,109)	(23,568)	541	
Non-controlling interests ⁽¹⁾	-	-	-	
	(24,109)	(23,568)	541	
Total comprehensive loss attributable to:				
Owners of the parent	(24,109)	(23,568)	541	
Non-controlling interests	-	-	-	
	(24,109)	(23,568)	541	
Loss per Share (RMB cents):				
Basic	(11.85)	(11.58)	0.27	
Diluted	(11.85)	(11.58)	0.27	

Consolidated statement of financial position of the Group

RMB'000	Preliminary Unaudited Results FY2021	Audited Results FY2021	Variance	Explanatory Note
Non-current assets				
Investment in joint venture	512,326	513,217	891	B
Right of use asset	100	100	-	
	512,426	513,317	891	
Current assets				
Other receivables	15	15	-	
Interest income receivable	78	78	-	
Amount owing by related parties	179	179	-	
Cash and cash equivalents	40,990	40,990	-	
	41,262	41,262	-	
Less:				
Current liabilities				
Other payables	786	786	-	
Amount owing to directors	359	709	350	A
Current income tax payable	59	59	-	
Lease Liability	50	50	-	
	1,254	1,604	350	
Net current assets	40,008	39,658	(350)	
Less:				
Non-current liability				
Lease Liability	53	53	-	
Net assets	552,381	552,922	541	
Equity				
Share capital	289,064	289,064	-	
Other reserve	83,004	83,004	-	
Retained earnings	180,313	180,854	541	
Total equity	552,381	552,922	541	

Statement of financial position of the Company

RMB'000	Preliminary Unaudited Results FY2021	Audited Results FY2021	Variance	Explanatory Note
Non-current assets				
Investment in joint venture	303,472	303,472	-	
	303,472	303,472	-	
Current assets				
Interest income receivable	7	6	1	
Amount owing by related parties	9,544	9,544	-	
Cash and cash equivalents	5,877	5,877	-	
	15,428	15,427	1	
Less:				
Current liabilities				

RMB'000	Preliminary Unaudited Results FY2021	Audited Results FY2021	Variance	Explanatory Note
Other payables	452	452	-	
Amount owing to directors	359	709	350	A
Amount owing to a subsidiary	28,308	28,307	1	
Current income tax payable	59	59	-	
	29,178	29,527	351	
Net current liabilities	(13,750)	(14,100)	(350)	
Less:				
Non-current liability	-	-	-	
Net assets	289,722	289,372	(350)	
Equity				
Share capital	289,064	289,064		
Retained earnings	658	308	(350)	
Total equity	289,722	289,372	(350)	

Explanation of material variances

- (A) 'Administrative and other expenses' and 'Amount owing to directors'

The difference of RMB350,000 arose from under-provision of directors' fees for the last quarter ended 31 December 2021.

- (B) 'Share of results of joint venture' and 'Investment in joint venture'

The share of loss in investment in joint venture arising from the Company's 49% equity interest in Jiangyin Foreversun Chemical Logistics Co., Ltd. (the joint venture entity of the Company) and its subsidiaries (the "China Holdco Group") in the Audited Results FY2021 was lower by RMB891,000 as compared to the Preliminary Unaudited Results FY2021 mainly because :

(i) Yueyang Hengyang Petrochemical Logistics Co., Ltd. ("YHPL", a wholly-owned subsidiary of the China Holdco Group) had other income of RMB20 million. In 2012, YHPL received an amount of RMB20 million from the Yueyang land authority during its land acquisition. YHPL recognised this amount as other payable since 2012 as YHPL was of the view that it did not have enforceable legal right to retain this amount from the Yueyang land authority. In April 2022, YHPL has obtained a legal advice that the statutory limitation period for this amount of RMB20 million has expired as at 31 December 2021 and proceeded to recognise such amount as other income in FY2021;

(ii) the above other income was largely offset by an understatement of revenue and cost of sales (which were largely recorded under prepayments) amounting to approximately RMB4.2 million and RMB25.4 million respectively, resulting in an additional gross loss of approximately RMB21.2 million by Jiangyin Golden Bridge Transportation Co., Ltd. ("Jiangyin Jinqiao", an 87.65%-owned subsidiary of the China Holdco Group) in FY2021. This was due mainly to revenues and expenses not recognised and accounted for on a timely basis due to a period of vacancy in the finance department of Jiangyin Jinqiao after the resignation of a key finance staff in the last quarter of FY2021. As the China Holdco Group only holds 87.65% of Jiangyin Jinqiao, 12.35% of the additional loss of Jiangyin Jinqiao was allocated to the non-controlling interest of Jiangyin Jinqiao.

As a result of the above, the following adjustments were made to the balance sheet of the China Holdco Group under the notes to the financial statements as follows:

Summarised condensed consolidated statement of financial position of China Holdco Group

RMB'000	Preliminary Unaudited Results FY2021	Audited Results FY2021	Variance	Explanatory Note
Current assets	259,361	195,564	(63,797)	(1)
Non-current assets	2,585,875	2,623,299	37,424	
Current liabilities	(496,858)	(486,318)	10,540	
Non-current liabilities	(1,419,712)	(1,404,729)	14,983	
Net asset	928,666	927,816	(850)	

Note:

- (1) Arising mainly from the reclassification from prepayments to cost of sales of Jiangyin Jinqiao as mentioned above as well as the reclassification from prepayments to non-current assets under plant, property and equipment in connection the progress in the construction of 2nd stage of Wuhan project.

By Order of the Board

GU WEN LONG
Director and Chief Executive Officer

13 April 2022

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