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Announcement Category	FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

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 **Print this page****Full Year Results * Financial Statement And Related Announcement**


* Asterisks denote mandatory information

Name of Announcer *	HENGYANG PETROCHEM LOG LIMITED
Company Registration No.	200807923K
Announcement submitted on behalf of	HENGYANG PETROCHEM LOG LIMITED
Announcement is submitted with respect to *	HENGYANG PETROCHEM LOG LIMITED
Announcement is submitted by *	GU WEN LONG
Designation *	CHAIRMAN & CHIEF EXECUTIVE OFFICER
Date & Time of Broadcast	29-Feb-2012 18:00:19
Announcement No.	00139

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2011
Description	Please see attached.

Attachments HYPL_Annnc_Q4FY2011_Results.pdf
Total size = **205K**
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**HENGYANG PETROCHEMICAL LOGISTICS LIMITED**

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

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR FINANCIAL YEAR
ENDED 31 DECEMBER 2011**
PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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

UNAUDITED FULL YEAR RESULTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2011

	GROUP		Increase/ (Decrease) %
	Financial year ended 2011 RMB'000	2010 RMB'000	
Revenue	89,016	70,029	27.1
Cost of sales	(48,667)	(35,305)	37.8
Gross profit	40,349	34,724	16.2
Other operating income	3,862	2,095	84.3
Administrative expenses	(16,557)	(10,776)	53.6
Finance cost	(3,752)	(1,930)	94.4
Profit from operations	23,902	24,113	0.9
Income tax expense	(7,666)	(7,325)	4.7
Net profit for the year, representing	16,236	16,788	(3.3)
total comprehensive income for the year			
Total comprehensive income attributable to:			
Owners of the parent	16,219	16,769	(3.3)
Non-controlling interests	17	19	(10.5)
	16,236	16,788	(3.3)

1(a)(ii) **Notes to the statements of comprehensive income**

The Group's profit before income tax is arrived at after charging / (crediting) the following:

	Financial year ended		Increase/ (Decrease) %
	2011 RMB'000	2010 RMB'000	
Interest income	(26)	(315)	(91.7)
Foreign exchange gain	(181)	(678)	(73.3)
Other income	(3,655)	(1,102)	231.7
Interest expenses	3,752	1,931	94.3
Depreciation of property, plant and equipment	9,846	5,743	71.4
Loss on disposal of property, plant and equipment	10	32	(68.8)



HENGYANG PETROCHEMICAL LOGISTICS LIMITED

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

STATEMENTS OF FINANCIAL POSITION OF THE GROUP AND THE COMPANY

	Group As at		Company As at	
	31-Dec-11	31-Dec-10	31-Dec-11	31-Dec-10
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
ASSETS				
Non-Current Assets				
Property, plant and equipment	562,013	446,932	-	-
Subsidiaries	-	-	197,213	175,797
	<u>562,013</u>	<u>446,932</u>	<u>197,213</u>	<u>175,797</u>
Current Assets				
Trade and other receivables	33,102	28,131	47	181
Amount owing by related parties -trade	1,891	3,663	-	-
Cash and bank balances	36,763	50,218	27,608	9,966
	<u>71,756</u>	<u>82,012</u>	<u>27,655</u>	<u>10,147</u>
Total assets	633,769	528,944	224,868	185,944
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	206,368	206,368	206,368	206,368
Statutory common reserve	16,725	14,718	-	-
Accumulated profits/(losses)	91,155	76,943	(26,475)	(23,671)
	<u>314,248</u>	<u>298,029</u>	<u>179,893</u>	<u>182,697</u>
Non-controlling interests	216	199	-	-
Total equity	314,464	298,228	179,893	182,697
Non-Current Liabilities				
Deferred tax liabilities	5,102	4,296	-	-
Amount owing to related parties	112,300	13,502	-	-
Bank borrowings	60,000	90,000	-	-
	<u>177,402</u>	<u>107,798</u>	<u>-</u>	<u>-</u>
Current Liabilities				
Trade and other payables	51,074	25,452	1,693	1,176
Amount owing to a subsidiary	-	-	-	2,071
Amount owing to related parties	1,500	10,000	2,257	-
Amount owing to a director	11,723	11,012	316	-
Amount owing to the ultimate holding company	40,709	-	40,709	-
Amount owing to a former shareholder of a subsidiary	4,502	25,159	-	-
Bank borrowings	30,000	49,500	-	-
Current tax payable	2,395	1,795	-	-
	<u>141,903</u>	<u>122,918</u>	<u>44,975</u>	<u>3,247</u>
Total equity and liabilities	633,769	528,944	224,868	185,944

**HENGYANG PETROCHEMICAL LOGISTICS LIMITED**

(Incorporated in Singapore on 23 April 2008)

(Company Registration Number: 200807923K)

1(b)(ii) Aggregate amount of Group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31 December 2011		As at 31 December 2010	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
30,000	58,434	49,500	46,171

Amount repayable after one year

As at 31 December 2011		As at 31 December 2010	
Secured (RMB'000)	Unsecured (RMB'000)	Secured (RMB'000)	Unsecured (RMB'000)
73,500	98,800	90,000	13,502

Unsecured Borrowings:

- (1) As at 31 December 2011, the Group is indebted to its ultimate holding company Foreversun Holdings Co., Ltd. ("Foreversun Holdings") for the amount of approximately RMB40.7 million. The aforesaid amount of approximately RMB40.7 million was used to partially offset the subscription monies otherwise payable by Foreversun Holdings to the Company in respect of its subscription pursuant to the 2012 Rights Issue (as defined herein).
- (2) As at 31 December 2011, the Group is indebted to Mr. Ku Wing Hing, the former shareholder of a subsidiary, for the amount of RMB4.5 million. This amount represents the unpaid interest, the principal had been repaid in December 2011.
- (3) As at 31 December 2011, the Group is indebted to the Company's chairman and CEO, Mr Gu Wen Long for the amount of approximately RMB11.7 million. The loan is non-interest bearing and will be repayable only when the Group's internal resources permit and subject to the approval of the Company's Audit Committee.
- (4) As at 31 December 2011, the Group is indebted to its related party – Jiangyin Keyang Construction Waterproof Materials Co., Ltd. (江阴科阳建筑防水材料有限公司) ("Keyang") for the non-interest bearing amount of RMB1.5 million.
- (5) As at 31 December 2011, the Group is indebted to its related party-Jinqiao Chemical for an amount of RMB112.3 million provided for the construction of Foreversun Facility, Deqiao Facility and projects in Chongqing, Wuhan and Yueyang. Of the total borrowings of RMB112.3 million, the interest payable for an amount of RMB81.8 million is charged based on the prevailing prime lending rate set by the People's Bank of China. The balance of RMB30.5 million was drawdown on 29 July 2011, with interest charged at 8.54% per annum, of which RMB13.5 million was secured by part of Jiangyin Foreversun's fixed assets. The aggregate amount of RMB112.3 million is repayable by 1 January 2014 and subject to the approval of the Company's Audit Committee.

Secured Borrowings

The loan of RMB90 million from the Bank of China, Jingjiang Branch is for the construction of the Deqiao Facility. This bank loan is secured by corporate guarantees furnished by the Company's subsidiary, Jiangyin Foreversun Chemical Logistics Co., Ltd ("Jiangyin Foreversun"), and personal guarantees furnished by the Company's Chairman and Chief Executive Officer, Mr Gu Wen Long, and his spouse, Ms Sun Fang. In addition, this loan is also secured by mortgages against the land use rights owned by the Company's subsidiary, Jingjiang Shuangjiang Ports Co., Ltd. and is secured by mortgages against the fixed assets owned by Jiangsu Deqiao. Of the principal amount of RMB90 million, RMB30 million is classified as current liability as at 31 December 2011.



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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW

	GROUP	
	Financial year ended	
	2011	2010
	(RMB'000)	(RMB'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,902	24,113
Adjustments for:		
Depreciation of property, plant and equipment	9,846	5,743
Loss on disposal of property, plant and equipment	10	32
Other income-interest expenses waived by a related party	(886)	(729)
Interest income	(26)	(315)
Interest expenses	3,752	1,930
Operating profit before working capital changes	36,598	30,774
Increase in operating receivables	(3,198)	(4,373)
Increase /(Decrease) in operating payables	4,799	(2,659)
Cash generated from operations	38,199	23,742
Interest paid	(1,522)	-
Income tax paid	(6,261)	(5,604)
Net cash generated from operating activities	30,416	18,138
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(95,812)	(88,497)
Interest paid	(8,303)	(8,360)
Proceeds from disposal of property, plant and equipment	-	3
Interest received	26	315
Net cash used in investing activities	(104,089)	(96,539)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue	-	48,186
Shares issuance costs	-	(1,323)
Proceeds from bank loans	-	20,000
Repayment of bank loans	(49,500)	(10,000)
Decrease in deposit pledged with banks	-	19,500
Decrease /(Increase) in restricted bank deposit	20,000	(20,000)
Amount owing to related parties	90,298	3,959
Advances from a Director	711	11,012
Amount owing to ultimate holding company	40,709	-
Repayment to a former shareholder of a subsidiary	(22,000)	-
Net cash generated from financing activities	80,218	71,334
NET CHANGES IN CASH AND BANK BALANCES	6,545	(7,067)
Cash and bank balances at beginning of financial year	30,218	37,285
CASH AND BANK BALANCES AT END OF FINANCIAL YEAR ⁽¹⁾	36,763	30,218



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Notes:

(1) Reconciliation:

	GROUP Financial year ended	
	2011	2010
	RMB'000	RMB'000
Cash and bank balances per consolidated statement of financial position	36,763	50,218
Restricted bank deposits	-	(20,000)
Cash and cash equivalent per consolidated statement of cash flows	<u>36,763</u>	<u>30,218</u>

- 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.

STATEMENTS OF CHANGES IN EQUITY OF THE GROUP AND THE COMPANY

Group (Unaudited)	Share capital (RMB'000)	Statutory common reserve (RMB'000)	Accumulated profits (RMB'000)	Sub-total (RMB'000)	Non- controlling interests (RMB'000)	Total equity (RMB'000)
Balance as at 1 January 2011	206,368	14,718	76,943	298,029	1999	298,228
Total comprehensive income	-	-	16,219	16,219	17	16,236
Transfer to statutory common reserve	-	2,007	(2,007)	-	-	-
Balance as at 31 December 2011	<u>206,368</u>	<u>16,725</u>	<u>91,155</u>	<u>314,248</u>	<u>216</u>	<u>314,464</u>
GROUP (Unaudited)	Share capital (RMB'000)	Statutory common reserve (RMB'000)	Accumulated profits (RMB'000)	Sub-total (RMB'000)	Non- controlling interests (RMB'000)	Total equity (RMB'000)
Balance as at 1 January 2010	159,505	12,787	62,105	234,397	180	234,577
Total comprehensive income	-	---	16,769	16,769	19	16,788
Issue of ordinary shares	48,186	-	-	48,186	-	48,186
Cost of Rights Issue	(1,323)	-	-	(1,323)	-	(1,323)
Transfer to statutory common reserve	-	1,931	(1,931)	-	-	-
Balance as at 31 December 2010	<u>206,368</u>	<u>14,718</u>	<u>76,943</u>	<u>298,029</u>	<u>199</u>	<u>298,228</u>



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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. (Continued)

<u>COMPANY</u>	Share capital (RMB'000)	Accumulated losses (RMB'000)	Total equity (RMB'000)
(Unaudited)			
Balance as at 1 January 2011	206,368	(23,671)	182,697
Total comprehensive income	-	(2,804)	(2,804)
Balance as at 31 December 2011	206,368	(26,475)	179,893
(Audited)			
Balance as at 1 January 2010	159,505	(17,968)	141,537
Total comprehensive income	-	(5,703)	(5,703)
Issue of issue rights	48,186	-	48,186
Cost of issue rights	(1,323)	-	(1,323)
Balance as at 31 December 2010	206,368	(23,671)	182,697

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, conversions 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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.

As at 31 December 2011, there were no changes in the share capital of the Company since the end of the previous period reported on, this being 30 September 2011.

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.

	As at 31 December 2011	As at 31 December 2010
Total number of issued shares (excluding treasury shares)	147,500,000	147,500,000

The Company has no treasury shares or share options outstanding as at 31 December 2011.

Pursuant to the 2012 Rights Issue completed on 16 February 2012, 55,961,883 Rights Shares were issued at the Issue Price (as defined herein).

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

Not applicable.

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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 Company'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.

Save for the matter in paragraph 5 below, the Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for FY 2011 as those of the audited financial statements as at 31 December 2010.

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 adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that were effective for annual periods beginning on or after 1 January 2011.

The adoption of new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor had any significant impact on the Group's financial statements as compared to before the adoption of the new/revised FRS and INT FRS.

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 share ("EPS")

	Group	
	Financial year ended	
	31 Dec 2011	31 Dec 2010
Earnings attributable to equity holders of the Company (RMB'000)	16,219	16,769
Weighted average number of ordinary shares used in computation of basic EPS ⁽¹⁾	147,500,000	136,847,222
Basic EPS attributable to equity holders of the Company (RMB cents) ⁽¹⁾	11.00	12.25
Fully diluted EPS attributed to equity holders of the Company (RMB cents) ⁽²⁾	11.00	12.25

Notes:

- (1) Basic EPS is computed by dividing the Group's earnings attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding during the respective financial periods.
- (2) Fully diluted EPS are the same as the basic EPS as the Company does not have any

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outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial periods.

7. Net assets value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.

Net asset value ("NAV")

	<-----Group----->		<-----Company----->	
	As at 31 December 2011	As at 31 December 2010	As at 31 December 2011	As at 31 December 2010
NAV per ordinary share (RMB cents)	213.0	202.1	122.2	123.9
Number of shares used in computation of NAV per share	147,500,000	147,500,000	147,500,000	147,500,000

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.

Review of statements of comprehensive income of the Group for FY2011 compared to FY2010

Revenue

The Group's revenue increased by approximately RMB19.0 million or 27.1% from RMB70.0 million for FY2010 to RMB89.0 million for FY2011 mainly due to the increase in revenue from provision of petrochemical storage services of RMB10.6 million and RMB6.7 million from the Jiangyin Foreversun Facility and Deqiao Facility respectively, and RMB1.7 million from provision of land transportation services. The increase was mainly achieved through the increase in business volume, increase in revenue from whole-tank lease contract, the inclusion of 4 new vehicles for provision of transportation services as well as additional revenue for petrochemical storage services.

Cost of sales

The Group's cost of sales increased by RMB13.4 million or 38.0% from RMB35.3 million for FY2010 to RMB48.7 million for FY2011. The main reasons for the increase was due to the additional rental expenses of approximately RMB2.8 million incurred from the leasing of the storage tanks, increase in depreciation of RMB4.4 million, partly from the Deqiao Facility since its commencement of operations in November 2011, increase in port usage expense of approximately RMB1.8 million in tandem with an increase in business volume, and the increase in related business taxes of RMB1.0 million. The labour costs and utilities and other expenses had accounted for approximately RMB3.4 million of the increase in the cost of sales.

Gross profit

The Group's gross profit increased by approximately RMB5.6 million or 16.1% from RMB34.7 million for FY2010 to RMB40.3 million for FY2011, as a result of the increases in the revenue and cost of sales as explained above.



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Other operating income

The Group's other operating income, which includes interest income, increased by approximately RMB1.8 million for FY2010 as compared to FY2011. This increase was mainly from insurance compensation received from a shipping company for an accident caused.

Administrative expenses

The Group's administrative expenses increased by RMB5.8 million or 53.7% from RMB10.8 million for FY2010 to RMB16.6 million for FY2011. The main reasons for the increase were due to the increase in RMB3.4 million related to development projects, such as projects in Chongqing, Wuhan and Yueyang and Deqiao prior to the commencement of its operations in November 2011, the increase in staff cost of approximately RMB1.5 million and a general increase for approximately RMB0.9 million in administrative expenses.

Finance costs

The Group's finance costs increased by RMB1.8 million or 94.7% from RMB1.9 million for FY2010 to RMB3.7 million for FY2011 were mainly due to interest expense of Deqiao Facility which commenced operation in November 2011. Prior to the commencement of operations of the Deqiao Facility in November 2011, such interest expense was capitalised.

Income tax expenses

The Group's income tax expenses increased by RMB0.4 million or 4.7% from RMB7.3 million for FY2010 to RMB7.7 million for FY2011, mainly due to an increase RMB2.3 million in operating profit from petrochemical storage service and transportation service from RMB RMB26.4 million in FY2010 to RMB28.7 million in FY2011, please refer to the segment information on page 13 of this announcement for more information.

Net profit

As a result of the above, the Group's net profit decreased by RMB0.6 million or 3.3% from RMB16.8 million for FY2010 to RMB16.2 million for FY2011.

Review of financial position of the Group as at 31 December 2011

Current assets

The Group's current assets comprise mainly trade and other receivables, amounts owing by related parties and cash and bank balances, which accounted for 11.3% of its total assets as at 31 December 2011.

As at 31 December 2011, the Group's current assets amounted to RMB71.8 million, comprising trade and other receivables of RMB33.1 million, amount owing by related parties of RMB1.9 million and cash and bank balances of RMB36.8 million.

The Group's trade receivables are mainly amounts owing by its customers, which amounted to RMB18.4 million as at 31 December 2011. Other receivables are mainly deposits made for the Group's acquisitions and purchases of property, plant and equipment, note receivables from financial institutions, prepayments and advances to staff, which amounted to RMB14.7 million as at 31 December 2011.

Amounts owing by the related parties are amounts owed by Jinqiao Chemical and Shanghai Kangyang Petrochemical Co., Ltd. ("Shanghai Kangyang") for the provision of petrochemical storage services to them. Amount owing by related parties decreased by RMB1.9 million as compared to that as at 31 December 2010 mainly due to faster repayment.

The Group's cash and cash equivalents are denominated in RMB, USD and SGD. The Group's cash and cash equivalents as at 31 December 2011 increased by RMB6.5 million as compared to that as at 31 December 2010 mainly due to additions of property, plant and equipment and payment made to contractors in relation to the construction of the Deqiao Facility, and other



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projects in Chongqing, Wuhan and Yueyang, which were partially offset by funds from related party and ultimate holding company.

Non-current assets

The Group's non-current assets relate to its property, plant and equipment, which comprised land use rights, buildings, jetties, storage tank facilities, electronic system and equipment, motor vehicles and construction-in-progress. The Group's non-current assets accounted for 88.7% of its total assets as at 31 December 2011.

As at 31 December 2011, the Group's non-current assets amounted to RMB562.0 million, comprising land use rights of RMB88.6 million, buildings of RMB55.1 million, jetties of RMB60.0 million, tank facilities of RMB246.1 million, electronic system and equipment of RMB26.2 million, motor vehicles of RMB3.5 million and construction-in-progress of RMB82.5 million.

The decrease in construction-in-progress was mainly due to a reclassification of construction-in-progress on completion of Phase I of Deqiao Facility in November 2011, which is partially offset by new investment made in the Wuhan, Chongqing and Yueyang projects of RMB42.5 million, RMB16.5 million and RMB2.4 million respectively.

Current liabilities

As at 31 December 2011, the Group's current liabilities amounted to RMB141.9 million comprising trade and other payable of RMB51.1 million, amount owing to a related party of RMB1.5 million, bank borrowings of RMB30.0 million, amount due to a former shareholder of a subsidiary of RMB4.5 million, current tax payable of RMB2.4 million, amount owing to a director of RMB11.7 million, and non-trade amount owing to ultimate holding company of RMB40.7 million.

The Group's trade payables are mainly amounts due to contractors in relation to the construction of the Deqiao Facility and projects in Chongqing, Wuhan and Yueyang which amounted to RMB41.6 million as at 31 December 2011. Other payables include mainly accruals of salaries and related costs, business tax payable, which amounted to RMB9.5 million as at 31 December 2011. The Group's trade and other payables as at 31 December 2011 increased by RMB25.6 million as compared to that of 31 December 2010 as a result of the development of the Deqiao Facility and project in Chongqing, Wuhan and Yueyang.

Please refer to the section 1(b)(ii) for more details in the Groups' bank and other borrowings.

Non-current liabilities

The Group's non-current liabilities comprised deferred tax liabilities, bank borrowings and an amount owing to a related party, which accounted for 55.6% of its total liabilities as at 31 December 2011.

As at 31 December 2011, the Group's non-current liabilities amounted to RMB177.4 million, comprising RMB5.1 million of deferred tax liabilities, RMB60.0 million of bank borrowings and RMB112.3 million to related party – Jinqiao Chemical. Please refer to section 1(b)(ii) of this announcement for more details on the Group's borrowings. .

Shareholders' equity

The Group's total equity comprises capital contribution, statutory common reserve and retained profits.

As at 31 December 2011, the Group's total equity amounted to RMB314.5 million, comprising share capital of RMB206.4 million, statutory common reserve of RMB16.7 million, retained profits of RMB91.2 million and non-controlling interests of RMB0.2 million.



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Working capital

As at 31 December 2011, the Group was in a net current liabilities position of approximately RMB70.1 million. Excluding the current liabilities of approximately RMB11.7 million due to Mr. Gu Wen Long, whose repayment will be made only when the Group's internal resources permit, at the discretion of the Company's Audit Committee, and RMB40.7 million due to ultimate holding company which was set-off against the payment of subscription of Rights Shares pursuant to the 2012 Rights Issue, the Group's net working capital deficit was only approximately RMB17.7 million as at 31 December 2011.

In view of the foregoing, the Directors are of the opinion that, barring any unforeseen circumstances and after taking into consideration the Group's existing cash and cash equivalents and the net cash expected to be generated from the Group's operating activities, the working capital available to the Group is sufficient to meet the Group's present requirements.

Review of cash flow statement of the Group for FY 2011

The Group had net cash generated from operating activities of RMB30.4 million for FY2011. This was a result of operating profit before working capital changes of RMB36.6 million. The net working capital outflows were from a decrease in operating payables of RMB4.8 million, a increase in operating receivables of RMB3.2 million, and interest paid of RMB1.5 million and the income tax payment of RMB6.2 million in FY2011.

The cash outflows from investing activities of RMB104.1 million for FY2011 were mainly cash used in investing activities of RMB95.8 million for the construction of Deqiao Facility and the new investment projects in Wuhan, Chongqing and Yueyang and interest payment of RMB8.3 million capitalised.

The Group had net cash from financing activities of RMB80.2 million for FY2011, mainly comprising advances from a director of the Company of RMB0.7 million, net advances from related parties of RMB90.3 million, advances from ultimate holding company of RMB40.7 million, and decrease in restricted bank deposit of RMB20.0 million, partially offset by the repayment of RMB49.5 million to the bank, and repayment to a former shareholder of a subsidiary the principle amount of RMB22.0 million.

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 had 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.

Petrochemicals are necessary to the manufacture of various consumer products. The Directors believe that with rising living standards in the PRC, the demand for consumer products will increase, and that this is anticipated to result in the growth of the petrochemical industry.

Phase I of the Deqiao Facility (which comprises 42 storage tanks with 126,000m³ of storage capacity and a petrochemical jetty) obtained final regulatory approval in early November of 2011, and is expected to contribute significantly to the Group's revenue for the financial year 2012.

The Group had completed the construction of an additional 12 storage tanks with 42,000m³ of storage capacity at the Group's existing Foreversun facility and is awaiting receipt of the relevant government approvals.

The Company completed a renounceable non-underwritten rights issue of new ordinary shares (the "Rights Shares") in the capital of the Company, at an issue price of S\$0.30 (the "Issue Price") for each Rights Share, on the basis of two (2) rights shares for every five (5) existing ordinary shares in the capital of the Company on 16 February 2012 (the "2012 Rights Issue"). Pursuant to the 2012 Rights Issue, 55,961,883 Rights Shares were issued at the Issue Price. Please refer to the Company's offer information statement dated 19 January 2012 and



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SGXNET announcement of results of the 2012 Rights Issue on 10 February 2012 for more information.

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 FY 2011.

(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 FY 2011.

12. If no dividend has been declared/recommended, a statement to that effect

The Directors have not declared or recommended any dividend for FY 2011.



13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

13 (a)(i) Business segments

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Reconciliation of reportable segment's liabilities to total liabilities:

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13 (a)(ii) Geographical segments

As the business of the Group is engaged entirely in the People's Republic of China, no reporting by geographical segments is presented.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

The Group is a petrochemical logistics provider, principally engaged in the storage and transportation of liquid petrochemical products.

In FY2011, revenue from petrochemical storage services and land transportation services contributed 89.3% and 10.7% respectively to the Group's revenue.

In FY2010, revenue from petrochemical storage services and land transportation services contributed 88.8% and 11.2% respectively to the Group's revenue.

Please refer to paragraph 8 of this announcement for a detailed commentary of the Group's financial performance in FY2011 compared to FY2010.

15. A breakdown of sales

		Group		Increase/ (Decrease) %
		31/12/2011	31/12/2010	
		RMB'000	RMB'000	
15.(a)	Sales reported for first half year	40,819	33,893	20.4
15.(b)	Profit after tax reported for first half year	10,025	9,296	7.8
15.(c)	Sales reported for second half year	48,197	36,136	33.4
15.(d)	Profit after tax reported for second half year	6,211	7,492	(17.1)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

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17. Interested Person Transactions

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) (RMB'000)	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)
Provision of petrochemical storage services and land transport services to Jinqiao Chemical ⁽¹⁾	-	28,266
Provision of petrochemical storage services and land transport services to Shanghai Kangyang ⁽²⁾	-	1,002
Interest expense payable to Jinqiao Chemical ⁽¹⁾	1,050	-
Personal guarantees by the Company's Chairman and Chief Executive Officer ⁽³⁾ and his spouse	120,000	-

Notes:

- (1) Jinqiao Chemical is established by Ms Sun Fang, the spouse of the Company's Chairman and CEO, Mr. Gu Wen Long. Jinqiao Chemical is wholly-owned by Ms Sun Fang. The Company had obtained a renewal of the shareholders' mandate ("Shareholders' Mandate") in respect of the provision of petrochemical storage services and land transport services to Jinqiao Chemical at its annual general meeting for FY2010 held on 19 April 2011. Transactions with Jinqiao Chemical which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist.
- (2) Shanghai Kangyang is controlled by Jinqiao Chemical.
- (3) The Company's Chairman and Chief Executive Officer, Mr. Gu Wen Long and his spouse, Ms. Sun Fang, have provided personal guarantees in favour of the Bank of China, Jingjiang Branch (中国银行股份有限公司靖江支行), in respect of the Group's secured bank loan of RMB120 million which was obtained by the Group mainly to fund the investment costs of the construction and development of the Deqiao Facility and has been fully drawn down.

18. Disclosure of person occupying a managerial position in the issuer or any of its principle subsidiaries who is a relative of a director or chief executive office or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual of the Catalist Rules, the Board of Directors of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 December 2011.



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BY ORDER OF THE BOARD

GU WEN LONG
Chairman and Chief Executive Officer

29 February 2012

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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