

SINOSTAR PEC HOLDINGS LIMITED
(Company Registration No.: 200609833N)

This QR announcement is mandatory made pursuant to the Singapore Exchange's requirements as required under Listing Rule 705(2).

Unaudited Financial Statement Announcement for the three months ("Q1") and 3 months ("FY") ended 31 March 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	The Group 3 months ended 31 March		+/- %
		2023 RMB'000	2022 RMB'000	
Revenue	4.2	1,246,561	1,122,278	11.07
Cost of Sales		(1,205,597)	(1,036,899)	16.27
Gross profit		40,964	85,379	(52.02)
Other income		2,010	2,097	(4.15)
Administrative costs		(7,574)	(6,468)	17.10
Distribution costs		(68)	(18)	277.78
Other operating expense		(395)	(44)	797.73
Finance costs		(9,762)	(12,577)	(22.38)
Profit before taxation	5	25,175	68,369	(63.18)
Income tax expense	6	(11,991)	(18,077)	(33.67)
Net profit for the year		13,184	50,292	(73.79)
Total comprehensive income for the year		13,184	50,292	(73.79)
Total comprehensive income attributable to:				
Equity holders of the Company		4,331	38,255	
Non-controlling interests		8,853	12,037	
		13,184	50,292	
Earnings per share attributable to equity holders of the Company (RMB cents per share)				
Basic		0.6767	5.9800	
Diluted		0.6767	5.9800	

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		31 March 2023 RMB'000	31 December 2022 RMB'000	31 March 2023 RMB'000	31 December 2022 RMB'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	1,592,572	1,624,213	9	9
Right-of-use assets		3,576	3,575	-	-
Land use rights		88,102	89,488	-	-
Goodwill on consolidation	8	10,345	10,345	-	-
Investment in subsidiary corporations	-	-	-	250,041	250,041
Financial asset, at fair value through other comprehensive income	9	42,972	42,972	-	-
		<u>1,737,567</u>	<u>1,770,593</u>	<u>250,050</u>	<u>250,050</u>
CURRENT ASSETS					
Land use rights		2,173	1,088	-	-
Inventories	10	265,130	242,335	-	-
Trade and other receivables	11	45,333	19,987	-	-
Amount owing by a subsidiary corporation	11	-	-	89	5,833
Amounts owing by affiliated companies	11	1,079	11,098	-	-
Prepayments	12	127,432	8,772	-	28
Cash and bank balances		427,494	521,064	6,910	1,906
		<u>868,641</u>	<u>804,344</u>	<u>6,999</u>	<u>7,767</u>
TOTAL ASSETS		<u>2,606,208</u>	<u>2,574,937</u>	<u>257,049</u>	<u>257,817</u>
EQUITY					
Equity attributable to equity holders of the parents					
ASSETS					
Share capital	13	316,125	316,125	316,125	316,125
Retained profits/(accumulated losses)		536,883	532,552	(60,912)	(60,390)
Fair value reserves		8,765	8,765	-	-
Capital reserves		250,000	250,000	-	-
Other reserves		136,352	136,352	-	-
		<u>1,248,125</u>	<u>1,243,794</u>	<u>255,213</u>	<u>255,735</u>
Non-controlling interests		305,309	296,456	-	-
TOTAL EQUITY		<u>1,553,434</u>	<u>1,540,250</u>	<u>255,213</u>	<u>255,735</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans from non-controlling interest	14	200,000	250,000	-	-
Bank borrowings	14	300,000	360,000	-	-
Lease liabilities		3,289	3,607	-	-
		<u>503,289</u>	<u>613,607</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES					
Loans from non-controlling interest	14	200,000	200,000	-	-
Bank borrowings	14	120,000	60,000	-	-
Lease liabilities		728	410	-	-
Trade and other payables	15	196,334	138,137	1,836	2,082
Amounts owing to affiliated companies	15	19,936	13,538	-	-
Current tax payable		12,487	8,995	-	-
		<u>549,485</u>	<u>421,080</u>	<u>1,836</u>	<u>2,082</u>
TOTAL EQUITY AND LIABILITIES		<u>2,606,208</u>	<u>2,574,937</u>	<u>257,049</u>	<u>257,817</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share Capital RMB'000	Retained earnings RMB'000	Fair value reserve RMB'000	Capital reserve RMB'000	Other reserves			Equity attributable to owners RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
					Statutory common reserve RMB'000	Voluntary common reserve RMB'000	Sub-total RMB'000			
1 January 2023 to 31 March 2023										
Balance as at 1 January 2023	316,125	532,552	8,765	250,000	135,555	797	136,352	1,243,794	296,456	1,540,250
Total comprehensive income for the period	-	4,331	-	-	-	-	-	4,331	8,853	13,184
Dividend paid for the year	-	-	-	-	-	-	-	-	-	-
Transfer to statutory common reserve	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	316,125	536,883	8,765	250,000	135,555	797	136,352	1,248,125	305,309	1,553,434

	Share Capital RMB'000	Retained earnings RMB'000	Fair value reserve RMB'000	Capital reserve RMB'000	Other reserves			Equity attributable to owners RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
					Statutory common reserve RMB'000	Voluntary common reserve RMB'000	Sub-total RMB'000			
1 January 2022 to 31 March 2022										
Balance as at 1 January 2022	316,125	525,368	34,517	250,000	121,779	797	122,576	1,248,586	267,871	1,516,457
Total comprehensive income for the period	-	38,255	-	-	-	-	-	38,255	12,037	50,292
Transfer to statutory common reserve	-	22	-	-	(22)	-	(22)	-	-	-
Balance as at 31 March 2022	316,125	563,645	34,517	250,000	121,757	797	122,554	1,286,841	279,908	1,566,749

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Share capital RMB'000	Accumulated losses RMB'000	Total equity RMB'000
1 January 2023 to 31 March 2023			
Balance as at 1 January 2023	316,125	(60,390)	255,735
Total comprehensive income for the period	-	(522)	(522)
Dividend paid	-	-	-
Balance as at 31 March 2023	<u>316,125</u>	<u>(60,912)</u>	<u>255,213</u>

	Share capital RMB'000	Accumulated losses RMB'000	Total equity RMB'000
1 January 2022 to 31 March 2022			
Balance as at 1 January 2022	316,125	(58,934)	257,191
Total comprehensive income for the period	-	(824)	(824)
Balance as at 31 March 2022	<u>316,125</u>	<u>(59,758)</u>	<u>256,367</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	3 months ended 31 March	
	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities		
Profit for the period	25,175	68,369
Adjustments for:-		
Depreciation of property, plant and equipment	39,629	39,560
Amortisation of land use rights	301	284
Property, plant and equipment written off	-	31
Interest expense	9,762	12,577
Interest income	(1,419)	(2,072)
Operating profit before working capital changes	<u>73,448</u>	<u>118,749</u>
Changes in working capital:		
Change in inventories	(22,795)	(11,745)
Change in amount owing by/(to) affiliated companies	16,417	(183,954)
Change in operating receivables	(144,006)	797
Change in operating payables	58,197	(9,774)
Cash generated from operations	<u>(18,739)</u>	<u>(85,927)</u>
Income tax paid	(8,499)	(9,006)
Net cash used in operating activities	<u>(27,238)</u>	<u>(94,933)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,989)	(16,823)
Proceeds from sales of property, plant and equipment	-	1,289
Acquisition of land use rights	-	(220)
Interest received	1,419	2,072
Net cash used in investing activities	<u>(6,570)</u>	<u>(13,682)</u>
Cash flows from financing activities		
Dividend paid	-	-
Repayment of loan to non-controlling interests	(50,000)	(25,000)
Interest paid	(9,762)	(12,577)
Net cash used in financing activities	<u>(59,762)</u>	<u>(37,577)</u>
Net (decrease)/increase in cash and cash equivalents	(93,570)	(146,192)
Cash and cash equivalents at beginning of year	521,064	702,615
Cash and cash equivalents at end of year	<u>427,494</u>	<u>556,423</u>
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:		
Cash on hand	-	41
Bank balances	427,494	556,382
	<u>427,494</u>	<u>556,423</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Sinostar PEC Holdings Limited (“the Company”) is incorporated and domiciled in Singapore as a limited liability company. The Company is listed on the Singapore Exchange Mainboard (“SGX-ST”).

The immediate and ultimate holding company of the Company is Intelligent People Holdings Limited (“Intelligent People”), a company which is incorporated in the British Virgin Islands (“BVI”).

The Company’s registered office is located at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiary corporations are:

- (a) Manufacture and sale of propylene, polypropylene and LPG products;
- (b) Provide logistics and transportation related services for petroleum products; and
- (c) Manufacture and sale of propylene, purified isobutylene, methyl tert-butyl ether (commonly known as MTBE), hydrogen and mixed gas.

These condensed interim consolidated financial statements as at and for the three months ended 31 March 2023 comprise the Company and its subsidiaries (collectively, “the Group”).

2. Basis of Preparation

The condensed interim financial statements for the three months ended 31 March 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Chinese Renminbi dollar which is the functional currency of the Company and have been rounded to the nearest thousand (“RMB’000”).

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as following:

- Useful lives of property, plant and equipment

The costs of property, plant and equipment are depreciated using the straight-line to allocate the depreciable amount over the estimated useful live. The useful lives of these assets are estimated by the management using common life expectancies applied in the industry and country of operations. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, thus affecting the depreciation charges of property, plant and equipment.

- Valuation of financial asset at fair value through other comprehensive income ("FVOCI")

The Group classified unquoted equity security as financial asset at FVOCI and recognises changes in its fair value in other comprehensive income. The fair value is determined based on estimates using present values. This is significantly affected by the assumptions used, including discount rate and estimate of future cash flows.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

1. The gas separation segment is the manufacturing and sales of LPG, propylene, polypropylene, MTBE, hydrogen, isobutylene and other gas.
2. The transport and logistic services segment are the provision of logistics and transportation related services for petroleum products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information

4.1. Reportable segments

	The Group		
	3 months ended 31 March 2023		
	Gas Separation	Transport and	Total
	RMB'000	Logistic Services	RMB'000
	RMB'000	RMB'000	RMB'000
Revenue			
External customers	1,169,600	76,961	1,246,561
Inter-segment sales	418,777	8,123	426,900
Total revenue	<u>1,588,377</u>	<u>85,084</u>	<u>1,673,461</u>
Segment assets	<u>2,130,785</u>	<u>26,203</u>	<u>2,156,988</u>
Segment liabilities	<u>62,848</u>	<u>6,501</u>	<u>69,349</u>
Results			
Segment results	<u>31,345</u>	<u>9,619</u>	<u>40,964</u>
Unallocated expenses			
Unallocated corporate expenses			(7,446)
Profit from operations			33,518
Finance income			1,419
Finance cost			(9,762)
Profit before tax			25,175
Tax expense			(11,991)
Profit after tax			<u>13,184</u>
Segments assets for reportable segments			2,156,988
Other assets			
Unallocated			
Amounts owing by affiliated companies			1,079
Cash and cash equivalents			427,494
Other receivables			10,302
Goodwill on consolidation			10,345
			<u>2,606,208</u>
Segments liabilities for reportable segments			69,349
Other liabilities			
Unallocated			81,299
Other payables			49,703
Amounts owing to affiliated companies			19,936
Bank borrowings			420,000
Loan from non-controlling interest			400,000
Current tax payable			12,487
			<u>1,052,774</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.1. Reportable segments (Cont'd)

	The Group 3 months ended 31 March 2022		
	Gas Separation RMB'000	Transport and Logistic Services RMB'000	Total RMB'000
Revenue			
External customers	1,074,335	47,944	1,122,279
Inter-segment sales	431,161	1	431,162
Total revenue	<u>1,505,496</u>	<u>47,945</u>	<u>1,553,441</u>
Segment assets	<u>2,205,379</u>	<u>15,919</u>	<u>2,221,298</u>
Segment liabilities	<u>24,002</u>	<u>12,278</u>	<u>36,280</u>
Results			
Segment results	<u>82,020</u>	<u>2,340</u>	<u>84,360</u>
Unallocated expenses			
Unallocated corporate expenses			(5,486)
Profit from operations			78,874
Finance income			2,072
Finance cost			(12,577)
Profit before tax			68,369
Tax expense			(18,077)
Profit after tax			<u>50,292</u>
Segments assets for reportable segments			
Other assets			2,221,298
Unallocated			
Amounts owing by affiliated companies			44,755
Cash and cash equivalents			556,423
Other receivables			1,200
Goodwill on consolidation			10,345
			<u>2,834,021</u>
Segments liabilities for reportable segments			
Other liabilities			36,280
Unallocated			
Other payables			128,187
Amounts owing to affiliated companies			216
Bank borrowings			480,000
Loan from non-controlling interest			600,000
Current tax payable			22,589
			<u>1,267,272</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.2. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services at a point in time for the following types of services.

	The Group		
	3 months ended 31 March 2023		
	Gas Separation	Transport and Logistics Services	Total
	RMB'000	RMB'000	RMB'000
People's Republic of China			
Liquefied petroleum gas	179,074	-	179,074
Propylene	229	-	229
Premium grade polypropylene	377,195	-	377,195
Methyl Tert-Butyl Ether ("MTBE")	508,576	-	508,576
Hydrogen	49,178	-	49,178
Isobutylene	46,413	-	46,413
Other Gas	8,935	-	8,935
Transport and logistic services	-	76,961	76,961
	<u>1,169,600</u>	<u>76,961</u>	<u>1,246,561</u>

	The Group		
	3 months ended 31 March 2022		
	Gas Separation	Transport and Logistics Services	Total
	RMB'000	RMB'000	RMB'000
People's Republic of China			
Liquefied petroleum gas	117,445	-	117,445
Polypropylene	60,664	-	60,664
Premium grade polypropylene	303,040	-	303,040
Methyl Tert-Butyl Ether ("MTBE")	494,846	-	494,846
Hydrogen	46,806	-	46,806
Isobutylene	46,316	-	46,316
Other Gas	5,217	-	5,217
Transport and logistic services	-	47,944	47,944
	<u>1,074,334</u>	<u>47,944</u>	<u>1,122,278</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. Profit before taxation

Significant items

	The Group	
	3 months ended 31 March 2023 RMB'000	3 months ended 31 March 2022 RMB'000
Interest Income	1,419	2,072
Expenses:		
Interest on borrowings	(9,762)	12,577
Depreciation of property, plant and equipment	39,629	39,560
Depreciation of rights-of-use assets	301	284
Property, plant and equipment written off	-	31

6. Income tax expense

The Group calculates the financial period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	3 months ended 31 March 2023 RMB'000	3 months ended 31 March 2022 RMB'000
Current income tax expense		
- Profit for the financial period	11,991	18,077
- Under provision in prior financial periods	-	-
	<u>11,991</u>	<u>18,077</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. Property, plant and equipment

During the three months ended 31 March 2023, the Group acquired assets amounting to RMB7,989,000 (31 March 2022: RMB16,823,000) and disposed of assets with net carrying value amounting to RMB Nil (31 March 2022: RMB31,000).

8. Goodwill arising on consolidation

	The Group	
	31 March 2023 RMB'000	31 December 2022 RMB'000
Cost and carrying amount		
Beginning and end of year	10,345	10,345

8.1. Goodwill impairment

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	The Group	
	31 March 2023 RMB'000	31 December 2022 RMB'000
Dongming Changshun Transport Company Limited (东明县昌顺运输有限公司)	2,501	2,501
Dongming Qianhai Petrochemical Co., Ltd (东明前海化工有限公司)	7,844	7,844
	<u>10,345</u>	<u>10,345</u>

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using terminal growth rate of 3% (2022: 3%). These cash flows were discounted using a pre-tax discount rate of 10% (2022: 10%) that reflected current market assessment of the time value of money and the risks specific to the CGUs. The growth rate is based on past performance and expectations on market development.

Management determines that the recoverable amount is higher than the carrying amount. Accordingly, no impairment for allowance is provided. The Group believes that any reasonable possible changes on the above key assumptions are not likely to cause the recoverable amount to be materiality lower than the related carrying amount.

Under the fair value hierarchy, level 3 inputs were used.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

9. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	The Group	
	31 March 2023 RMB'000	31 December 2022 RMB'000
Equity security (unquoted)		
- Dongming Qianhai Petrochemical Co., Ltd (东明前海化工有限公司)		
Beginning of period	42,972	42,972

Represents 18% of equity interest in Dongming Qianhai Reli Co., Ltd. The Group has elected to measure this equity security at FVOCI due to the Group's intention not to hold these equity instruments for trading but for long-term appreciation.

9.1. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets measured at fair value at each reporting date:

	Level 3 RMB'000
31 March 2023	
Financial assets, at FVOCI	42,972
31 December 2022	
Financial assets, at FVOCI	42,972

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10. Inventories

	The Group		The Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
At cost				
Raw materials	138,478	143,366	-	-
Finished goods	126,652	98,969	-	-
	<u>265,130</u>	<u>242,335</u>	<u>-</u>	<u>-</u>

11. Trade and other receivables

	The Group		The Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
- Non-related parties	35,031	8,544	-	-
Trade receivables				
- Related parties	-	77	-	-
Other receivables				
- Non-related parties	9,817	9,716	-	-
Accrued revenue	-	1,079	-	-
VAT receivables	-	-	-	-
Advances made to staff	485	471	-	-
Refundable deposits	-	100	-	-
	<u>45,333</u>	<u>19,987</u>	<u>-</u>	<u>-</u>

	The Group		The Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Amount owing by a subsidiary corporation				
Loans to a subsidiary corporation	-	-	89	5,833

	The Group		The Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Amount owing by affiliated companies				
	1,079	11,098	-	-

12. Prepayments

	The Group		The Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments				
Raw materials	127,243	5,833	-	-
Others	189	2,939	-	28
	<u>127,432</u>	<u>8,772</u>	<u>-</u>	<u>28</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

13. Share capital

	The Group		The Company	
	31 March 2023		31 December 2022	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Issued and fully paid, with no par value				
Balance at beginning and at end of interim period	640,000	316,125	640,000	316,125

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

14. Borrowings

	The Group		The Company	
	31 March 2023 RMB'000	31 December 2022 RMB'000	31 March 2023 RMB'000	31 December 2022 RMB'000
Amount repayable within one year or on demand				
- Secured	120,000 ^(a)	60,000 ^(a)	-	-
- Unsecured	200,000 ^(c)	200,000 ^(c)	-	-
Amount repayable after one year				
- Secured	300,000 ^(a)	360,000 ^(a)	-	-
- Unsecured	200,000 ^(c)	250,000 ^(c)	-	-

(a) Bank borrowings of the subsidiary Dongming Hengchang is secured by a corporate guarantee from an affiliated company, Dongming Zhongyou Fuel and Petrochemical Co., Ltd (东明中油燃料石化有限公司);

(b) Unsecured loan from non-controlling interest("NCI"), Shandong Dongming Petrochem Group Co., Ltd (山东东明石化集团有限公司).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

15. Trade and other payables

	The Group		The Company	
	31 March 2023 RMB'000	31 December 2022 RMB'000	31 March 2023 RMB'000	31 December 2022 RMB'000
Trade payables				
- Non-related parties	149,398	74,663	765	-
Accruals - Salaries and related costs	5,862	9,140	-	1,252
Accruals - Directors' Fees	1,070	830	1,070	830
VAT payables	11,201	27,281	-	-
Other governmental tax payables	2,149	398	-	-
Amount owing to outsourced transport companies	1,795	1,610	-	-
Contract liabilities - advance collection from customers	18,455	2,087	-	-
Amount owing to staff	259	136	-	-
Amount owing to sundry creditors	6,145	21,992	-	-
	<u>196,334</u>	<u>138,137</u>	<u>1,835</u>	<u>2,082</u>

Amount owing to affiliated companies

	The Group		The Company	
	31 March 2023 RMB'000	31 December 2022 RMB'000	31 March 2023 RMB'000	31 December 2022 RMB'000
Amount owing to affiliated companies				
- Trade	19,936	13,538	-	-
	<u>19,936</u>	<u>13,538</u>	<u>-</u>	<u>-</u>

16. Net asset value

	The Group		The Company	
	31 March 2023 RMB'000	31 December 2022 RMB'000	31 March 2023 RMB'000	31 December 2022 RMB'000
Net asset value per ordinary share	1.95	1.94	0.40	0.40

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

17. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2023 and 31 December 2022.

	Note	The Group		The Company	
		31 March 2023 RMB'000	31 December 2022 RMB'000	31 March 2023 RMB'000	31 December 2022 RMB'000
Financial Assets					
- At FVOCI	9	42,972	42,972	-	-
- At amortised cost		480,420	551,678	6,999	7,739
		<u>523,392</u>	<u>594,650</u>	<u>6,999</u>	<u>7,739</u>
Financial Liabilities					
- At amortised cost		1,016,219	995,926	1,836	2,083

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

19. Affiliated companies' transactions

As an additional disclosure, the Group disclosed the following significant affiliated companies' transactions entered into between the Group and its affiliated companies at terms agreed between the companies:

	The Group	
	31 March 2023	31 March 2022
	RMB'000	RMB'000
Sales to affiliated companies		
东明中油燃料石化有限公司*	116,352	24,670
山东东明石化集团有限公司	2,193	-
山东润泽化工有限公司*	-	70,522
东明石油经销有限公司	728	-
山东东明梨树化学有限公司	-	92,257
东明润明油品销售有限公司	126	-
东明万海氯碱化工有限公司	4,451	3,580
东明前海热力有限公司	31,593	21,797
江苏新海石化有限公司	11,899	-
江苏润海油品销售有限公司	6,858	-
山东劲海化工有限公司	15	838
山东东明石化集团电力有限公司	-	637
山东东明石化集团鲁班建筑有限公司	1,402	-
江苏新海新能源有限公司	159	-
Purchases from affiliated companies		
东明中油燃料石化有限公司*	790,969	561,141
山东东明石化集团有限公司	11,514	12,713
山东润泽化工有限公司*	-	8,999
东明石油经销有限公司	794	-
山东东明梨树化学有限公司	8,740	47,994
东明润明油品销售有限公司	-	13,374
山东炼化能源集团有限公司	-	9,546
东明万海氯碱化工有限公司	107	-
东明前海热力有限公司	123,083	102,628
江苏新海石化有限公司	3	25,869
东明洁源环保科技有限公司	689	-
山东东明石化集团鲁班建筑有限公司	4,549	-
江苏新海新能源有限公司	23	-
Interest expenses on loan charged by affiliated company		
– 山东东明石化集团有限公司	5,337	7,419
Other individually immaterial transactions		
	-	2,250

Affiliated companies refer to companies in which a director of the Company has an indirect equity interest.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION

1. Review

The consolidated statement of financial position of Sinostar PEC Holdings Limited and its subsidiaries as at 31 March 2023 and the related consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

Highlights on changes in Condensed Interim Statements of Profit or Loss and Other Comprehensive Income items of the Group are as follow; -

Revenue

1Q23 Analysis of Revenue	3 months ended 31 March 2023		3 months ended 31 March 2022		+ / (-)
	RMB'000	%	RMB'000	%	
Processed LPG					
- Total	447,986	35.94%	394,408	35.14%	13.58%
- Inter-company	(268,912)	-21.57%	(276,963)	-24.68%	-2.91%
Propylene - Total					
- Total	147,033	11.80%	150,388	13.40%	-2.23%
- Inter-company	(146,804)	-11.78%	(150,388)	-13.40%	-2.38%
Premium grade polypropylene					
- Total	379,504	30.44%	306,849	27.34%	23.68%
- Inter-company	(2,309)	-0.19%	(3,809)	-0.34%	-39.38%
Polypropylene	-	0.00%	60,664	5.41%	
MTBE	508,576	40.80%	494,846	44.09%	2.77%
Hydrogen					
- Total	49,930	4.01%	46,806	4.17%	6.67%
- Inter-company	(752)	-0.06%	-	0.00%	
Isobutylene	46,413	3.72%	46,316	4.13%	0.21%
Other Gas	8,935	0.72%	5,217	0.46%	71.27%
Logistics and transport related services	76,961	6.17%	47,944	4.27%	60.52%
Total	1,246,561	100.00%	1,122,278	100.00%	

(a) **Processed LPG**

LPG increases by 13.58% from RM394.4 million in 1Q22 to RMB448.0 million in 1Q23, included the inter-company transactions. A total of 77,327 tonnes produced and sold during the periods, an increase of 10.80% as compared to 1Q22. Both average selling prices ("ASP") and average cost of production ("ACP") during the period increase by 0.24% and 2.73% respectively as compared to 1Q22.

(b) **Propylene**

Propylene is used to further process into premium grade polypropylene and only excess output will be sold to external market in 1Q23.

OTHER INFORMATION (CONT'D)

2. Review of Performance of the Group (cont'd)

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

(c) Premium grade polypropylene

Premium grade polypropylene increase by 23.68% from RMB306.8 million in 1Q22 to RMB379.5 million in 1Q23, included the inter-company transactions. Total output also increases by 33.35% from 41,378 tonnes in 1Q22 to 55,178 tonnes in 1Q23. ASP and ACP both decrease by 7.25% and 5.93% respectively as compared to 1Q22.

(d) Polypropylene

There are no productions of polypropylene in 1Q23 as all propylene have been used in the production of premium grade polypropylene as compared to 1Q22.

(e) MTBE

Sale of MTBE increase by 2.77% from RMB494.8 million in 1Q22 to RMB508.6 million in 1Q23. Production output increases 1.40% from 82,181 tonnes in 1Q22 to 83,335 tonnes in 1Q23. Both ASP and ACP during the period increase by 1.35% and 4.06% respectively as compared to 1Q22.

(f) Hydrogen

In 1Q23, hydrogen production output increase by 6.42% to 3,391 tonnes as compared to 3,186 tonnes in 1Q22. Revenue has an increase of 6.68% from RMB46.8 million in 1Q22 to RMB49.9 million in 1Q23, included the inter-company transactions. Both ASP and ACP have increase by 0.24% and 2.73% respectively as compared to 1Q22.

(g) Isobutylene

Isobutylene has increase 0.21% from RMB46.3 million in 1Q22 to RMB46.4 million in 1Q23 as total production output has increase by 0.58% to 4,982 tonnes as compared with 4,953 tonnes in 1Q22. ASP has decrease 0.37% and ACP has increase by 2.58% as compared to 1Q22.

(h) Other Gases

The sale of other gases has increased by 71.24% from 5.2 million in 1Q22 to 8.9 million to 1Q23. Total output has also increase 41.04% from 949 tonnes to 1,338 tonnes in 1Q23. Both ASP and ACP have increase by 21.41% and 16.89% respectively.

(i) Logistics & transport related service

Revenue from this business has increase 60.52% from RMB47.9 million in 1Q22 to RMB76.9 million in 1Q23.

OTHER INFORMATION (CONT'D)

2. Review of Performance of the Group (cont'd)

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

Gross profit

Gross profit decreases from RMB85.3 million in 1Q22 to approximately RMB40.9 million in 1Q23. mainly is due to the increase in cost of sales for most of the products.

Other income and expenses

(a) Other income

A total of RMB2.01 million has been received inclusive of RMB1.42 million of bank interest earned on short-term deposits placed with financial institution and balance on other non-trade receivables in 1Q23.

(b) Administrative costs

Increases from RMB6.47 million in 1Q22 to RMB7.57 million in 1Q23 mainly due to the fact that during the shutdown of Dongming Hengchang's equipment overhaul, the fixed expenses incurred in the production workshop were included in the management expenses.

(c) Finance costs

Interests incurred on the loan from non-controlling interest amounted to RMB5.337 million for 1Q23 and RMB4.425 million on external borrowings in 1Q23.

(d) Taxation

Quarterly tax provision is made by entities base on each profitability.

(e) Net Profit

The Group made a net profit of RMB13.18 million in 1Q23 as compared to RMB50.29 million in 1Q22.

OTHER INFORMATION (CONT'D)

2. Review of Performance of the Group (cont'd)

Condensed Interim Consolidated Statements of Financial Positions

Highlights on changes in Condensed Interim Consolidated Statements of Financial Positions items of the Group are as follow; -

(a) **Property, plant and equipment**

Decrease is mainly due to depreciation charge during the financial period.

(b) **Inventories**

Inventories comprise of approximately RMB138.4 million of raw materials and equivalent value of RMB126.6 million on finished petrochemical products, recorded at cost.

(c) **Prepayment**

Increase is mainly due to amount paid to suppliers for raw materials and for equipment replacement.

(d) **Non-controlling interest**

Represent 30% controlling stake in subsidiary Dongming Qianhai by Dongming Petrochem Group.

(e) **Bank Borrowings**

This mainly consists of a bank loan to finance Dongming Hengchang's new polypropylene construction. The loan is guaranteed by the related party Dongming Zhongyou Fuel Petrochemical Co., Ltd. The interest is calculated at a floating rate of 4.41% per annum, repayment is made every six months, and full settlement is scheduled to be completed by January 2027.

(f) **Loan from non-controlling interests**

This is from non-controlling interest Dongming Petrochem Group (represent 30% minority stake in subsidiary Dongming Qianhai) to finance the working capital use since the acquisition of Dongming Qianhai. Term of loan is unsecured, with an annual interest at 4.75% per annum, repayable in instalments on a quarterly basis till full settlement by 1 April 2025.

A total of RMB50.0 million has been repaid in 1Q23.

OTHER INFORMATION (CONT'D)

Condensed Interim Consolidated Statement of Cash Flow

The Group's operating activities resulted in a net cash outflow of RMB27.24 million, while investment activities caused a net cash outflow of RMB6.57 million and financing activities resulted in a net cash outflow of RMB59.76 million during the first quarter of 2023. As of 31 March 2023, the group had a cash balance of RMB427.49 million.

- 3.(i) **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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There were no changes in the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2023.

- 3.(ii) **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 March 2023	31 December 2022
Number of issued shares (excluding treasury shares)	640,000,000	640,000,000
Number of treasury shares	NIL	NIL

- 3.(iii) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

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

	3 months ended 31 March	
	2023	2022
Profit / (Loss) per share for the period based on net profit attributable to owners of the parent company		
(a) Based on basic number of ordinary shares on issue (RMB cents)	0.67	5.98
No. of shares in issue (weighted average)	640,000,000	640,000,000
(b) On a fully diluted basis (RMB cents)	0.67	5.98
No. of shares in issue (weighted average)	640,000,000	640,000,000

OTHER INFORMATION (CONT'D)

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

None.

6. **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.**

According to the "World Economic Situation and Prospects in 2023" report released by the United Nations on January 25, 2023, with the liberalization of China's COVID-19 prevention and control policies, China's economic growth rate is expected to reach about 4.8% in 2023. Domestic consumer demand will continue to rise in China for the foreseeable future.

The Group has been prudently strengthening internal management, actively exploring the market, paying special attention to the monitoring of working capital, and maintaining a reasonable and optimistic outlook on the long-term demand for the Group's petrochemical products.

7. **Dividend information**

- (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

- (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

- (c) Date payable

NA

- (d) Book Closure Date

NA

OTHER INFORMATION (CONT'D)

8. Interested person transactions

Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial period which it is required to report on pursuant to rule 705.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year 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 during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<p>For period from January to March 2023:-</p> <p>Transactions between Dongming Hengchang Petrochemical Co., Ltd (东明恒昌化工有限公司) and its subsidiary Dongming Qianhai Petrochemical Co., Ltd (东明前海化工有限公司) <i>(transactions are subject to consolidation group eliminations)</i></p> <ul style="list-style-type: none"> - Sale of Processed LPG - Purchase of Propylene - Sale of Recycled Propylene - Contra of Utilities on Productions - Purchase of Utilities - Logistics & Transport Related Services 		<p>268,911,776</p> <p>146,803,515</p> <p>2,309,443</p> <p>1,085,006</p> <p>3,734,105</p> <p>427,349</p>
<p>Dongming Zhongyou Fuel & Petrochemical Co., Ltd* (东明中油燃料石化有限公司)</p> <ul style="list-style-type: none"> - Purchase of raw LPG - Sale of Processed LPG - Purchase of Propylene - Sale of Recycled Propylene - Purchase of Utilities - Maintenance of parts and machineries[#] - Purchase parts and components - Contra of Utilities on Productions - Logistics & Transport Related Services - Sale of hydrogen gas - Sale of waste materials[#] 	<p>154,258</p> <p>9,367,336</p>	<p>747,389,617</p> <p>32,343,266</p> <p>32,620,634</p> <p>560,792</p> <p>10,896,905</p> <p>62,352</p> <p>235,793</p> <p>24,512,561</p> <p>49,178,088</p>

OTHER INFORMATION (CONT'D)

8. Interested person transactions (cont'd)

Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial period which it is required to report on pursuant to rule 705. (Cont'd)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year 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 during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Shandong Dongming Petrochem Group Co., Ltd (山东东明石化集团有限公司) - Purchase of Utilities - Logistics & Transport Related Services		11,513,990 2,192,200
Dongming Crude Oil Distribution Co., Ltd (东明石油经销有限公司) - Logistics & Transport Related Services - Consignment Fee		728,143 794,393
Shandong Dongming Lishu Petroleum Co (山东东明梨树化学有限公司) - Purchase of raw LPG - Purchase of Utilities		8,738,338 1,879
Dongming Runming Oil Products Distribution Co., Ltd (东明润明油品销售有限公司) - Logistics & Transport Related Services		126,100

OTHER INFORMATION (CONT'D)

8. Interested person transactions (cont'd)

Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial period which it is required to report on pursuant to rule 705. (Cont'd)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year 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 during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Dongming WanHaiLuiJiang Petrochemical Co., Ltd (东明万海氯碱化工有限公司) - Logistics & Transport Related Services - Purchase parts and components		4,450,750 107,286
Dongming Qianhai Reli Co., Ltd (东明前海热力有限公司) - Purchase of Utilities - Contra of Utilities on Productions - Logistics & Transport Related Services		123,082,920 27,101,035 4,491,705
Jiangsu Xinghai Petrochem Co., Ltd (江苏新海石化有限公司) - Purchase of Utilities - Logistics & Transport Related Services		3,451 11,899,024
Jiangsu Runhai Oil Products Distribution Co., Ltd (江苏润海油品销售有限公司) - Logistics & Transport Related Services		6,857,588
Shandong Jin-hai Petrochemical Pte Ltd (山东劲海化工有限公司) - Logistics & Transport Related Services		15,256

OTHER INFORMATION (CONT'D)

8. Interested person transactions (cont'd)

Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial period which it is required to report on pursuant to rule 705. (Cont'd)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year 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 during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Dongming Jie-Yuan Environmental Technology Pte Ltd (东明洁源环保科技有限公司) - Sewage Charge [#]	689,316	
Shandong Dongming Petrochem Group Lu Ban Construction Pte Ltd (山东东明石化集团鲁班建筑有限公司) - Logistics & Transport Related Services - Engineering, construction and maintenance service [#]	4,549,088	1,402,212
Jiangsu Xinghai New Energy Co., Ltd (江苏新海新能源有限公司) - Logistics & Transport Related Services		158,959

[#]These interested parties transactions are not covered under existing IPT mandate approved by shareholders, are not frequent and not of a revenue and trading nature.

OTHER INFORMATION (CONT'D)

9. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Li Xiangping	62	Father of Li Zhi, non-executive Director of the Company.	CEO and Executive Chairman since April 2021. Substantial shareholder of the Company.	From non-executive Chairman to Executive Chairman from April 2021.
Li Zhi	37	Son of Mr Li Xiangping, the CEO and Executive Chairman of the Company.	Non-Executive Director of the Company Since 2019	Appointed in year 2019.

10. **Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) that the Issuer has procured undertaking from all its directors and executive**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the three-month period ended 31 March 2023 to be false or misleading in any material aspect.

Li Xiangping
Executive Chairman and CEO

Jiang Xinglu
AC Chairman, Independent Director

Singapore
14 May 2023