

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).

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

| | The Group | | | Note | The Group | | |
|---|----------------|-------------|---------|------|----------------|-------------|--------|
| | 3 months ended | | +/- | | 9 months ended | | +/- |
| | 30 September | | | | 30 September | | |
| 2022 | 2021 | % | 2022 | 2021 | % | | |
| | RMB'000 | RMB'000 | % | | RMB'000 | RMB'000 | % |
| Revenue | 1,295,947 | 1,247,384 | 3.9 | 4.2 | 3,476,812 | 3,345,784 | 3.9 |
| Cost of sales | (1,243,160) | (1,138,938) | 10.1 | | (3,322,619) | (2,927,586) | 13.5 |
| Gross profit | 52,787 | 118,446 | (55.4) | | 154,193 | 418,198 | (63.1) |
| Other income | 6,363 | 1,296 | 391.1 | | 10,575 | 7,465 | 41.7 |
| Distribution costs | (4) | (15) | (76.0) | | (33) | (45) | (26.7) |
| Administrative costs | (5,695) | (6,304) | (9.7) | | (18,826) | (18,198) | 3.5 |
| Other operating expense | (196) | (13) | 1,430.5 | | (271) | (378) | (28.3) |
| Finance costs | (11,564) | (13,462) | (14.1) | | (36,635) | (35,827) | 2.3 |
| Profit before taxation | 41,691 | 99,948 | (58.3) | 5 | 109,003 | 371,215 | (70.6) |
| Income tax expense | (16,807) | (24,809) | (32.3) | 6 | (40,494) | (93,320) | (56.6) |
| Total comprehensive profit for the period | 24,884 | 75,139 | (66.9) | | 68,509 | 277,895 | (75.3) |
| Attributable to: | | | | | | | |
| Equity holders of the Company | 11,102 | 58,853 | | | 39,057 | 215,703 | |
| Non-controlling interests | 13,782 | 16,286 | | | 29,452 | 62,192 | |
| | 24,884 | 75,139 | | | 68,509 | 277,895 | |
| Earnings per share attributable to equity holders of the Company (RMB cents per share) | | | | | | | |
| Basic | 1.73 | 9.20 | | | 6.10 | 33.70 | |
| Diluted | 1.73 | 9.20 | | | 6.10 | 33.70 | |

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

| | Note | The Group | | The Company | |
|--|------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | | 1,659,807 | 1,744,144 | - | - |
| Right-of-use assets | | 4,002 | 4,002 | - | - |
| Land use rights | | 89,839 | 90,547 | - | - |
| 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 | 79,761 | 79,761 | - | - |
| | | <u>1,843,754</u> | <u>1,928,799</u> | <u>250,041</u> | <u>250,041</u> |
| CURRENT ASSETS | | | | | |
| Land use rights | | 1,085 | 1,088 | - | - |
| Inventories | 10 | 259,452 | 258,811 | - | - |
| Trade and other receivables | 11 | 33,771 | 54,335 | - | - |
| Amount owing by a subsidiary corporation | 11 | - | - | 8,038 | 7,487 |
| Amounts owing by affiliated companies | 11 | 129 | 12,404 | - | - |
| Prepayments | 12 | 9,358 | 2,983 | - | - |
| Cash and bank balances | | 587,349 | 702,615 | 970 | 1,828 |
| | | <u>891,144</u> | <u>1,032,236</u> | <u>9,009</u> | <u>9,315</u> |
| TOTAL ASSETS | | <u>2,734,898</u> | <u>2,961,035</u> | <u>259,049</u> | <u>259,356</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) | | 545,965 | 525,368 | (57,868) | (58,934) |
| Fair value reserves | | 34,517 | 34,517 | - | - |
| Capital reserves | | 250,000 | 250,000 | - | - |
| Other reserves | | 122,554 | 122,576 | - | - |
| | | <u>1,269,161</u> | <u>1,248,586</u> | <u>258,257</u> | <u>257,191</u> |
| Non-controlling interests | | 297,323 | 267,871 | - | - |
| TOTAL EQUITY | | <u>1,566,484</u> | <u>1,516,457</u> | <u>258,257</u> | <u>257,191</u> |
| LIABILITIES | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| Loans from non-controlling interest | 14 | 300,000 | 450,000 | - | - |
| Bank borrowings | 14 | 390,000 | 420,000 | - | - |
| Lease liabilities | | 3,911 | 3,911 | - | - |
| | | <u>693,911</u> | <u>873,911</u> | <u>-</u> | <u>-</u> |
| CURRENT LIABILITIES | | | | | |
| Loan from non-controlling interests | 14 | 200,000 | 175,000 | - | - |
| Bank borrowings | 14 | 60,000 | 60,000 | - | - |
| Lease liabilities | | 497 | 497 | - | - |
| Trade and other payables | 15 | 194,357 | 169,833 | 792 | 2,165 |
| Amounts owing to affiliated companies | 15 | 1,822 | 151,819 | - | - |
| Current tax payable | | 17,827 | 13,518 | - | - |
| | | <u>474,503</u> | <u>570,677</u> | <u>792</u> | <u>2,165</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>2,734,898</u> | <u>2,961,035</u> | <u>259,049</u> | <u>259,356</u> |

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - GROUP

| | 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 30 September 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 | - | 39,057 | - | - | - | - | - | 39,057 | 29,452 | 68,509 |
| Dividend paid for the period | - | (18,482) | - | - | - | - | - | (18,482) | - | (18,482) |
| Transfer to statutory common reserve | - | 22 | - | - | (22) | - | (22) | - | - | - |
| Balance as at 30 September 2022 | 316,125 | 545,965 | 34,517 | 250,000 | 121,757 | 797 | 122,554 | 1,269,161 | 297,323 | 1,566,484 |

| | 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 2021 to 30 September 2021 | | | | | | | | | | |
| Balance as at 1 January 2021 | 316,125 | 334,224 | 34,517 | 250,000 | 91,009 | 797 | 91,806 | 1,026,672 | 197,976 | 1,224,648 |
| Total comprehensive income for the period | - | 215,703 | - | - | - | - | - | 215,703 | 62,192 | 277,895 |
| Dividend paid for the period | - | (15,509) | - | - | - | - | - | (15,509) | - | (15,509) |
| Transfer to statutory common reserve | - | (527) | - | - | 527 | - | 527 | - | - | - |
| Balance as at 30 September 2021 | 316,125 | 533,891 | 34,517 | 250,000 | 91,536 | 797 | 92,333 | 1,226,866 | 260,168 | 1,487,034 |

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)**STATEMENT OF CHANGES IN EQUITY - COMPANY**

| 1 January 2022 to 30 September 2022 | Share capital RMB'000 | Accumulated losses RMB'000 | Total equity RMB'000 |
|--|----------------------------------|---------------------------------------|---------------------------------|
| Balance as at 1 January 2022 | 316,125 | (58,934) | 257,191 |
| Total comprehensive income for the period | - | 19,548 | 19,548 |
| Dividend paid | - | (18,482) | (18,482) |
| Balance as at 30 September 2022 | <u>316,125</u> | <u>(57,868)</u> | <u>258,257</u> |

| 1 January 2021 to 30 September 2021 | Share capital RMB'000 | Accumulated losses RMB'000 | Total equity RMB'000 |
|--|----------------------------------|---------------------------------------|---------------------------------|
| Balance as at 1 January 2021 | 316,125 | (58,684) | 257,441 |
| Total comprehensive income for the period | - | 17,209 | 17,209 |
| Dividend paid | - | (15,509) | (15,509) |
| Balance as at 30 September 2021 | <u>316,125</u> | <u>(56,984)</u> | <u>259,141</u> |

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| | The Group | |
|---|-----------------------------|------------------|
| | 9 months ended 30 September | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Cash flows from operating activities | | |
| Profit for the period | 109,003 | 371,215 |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 122,151 | 106,683 |
| Amortisation of land use rights | 851 | 816 |
| Loss on disposal of property, plant and equipment | - | 20 |
| Property, plant and equipment written off | 88 | - |
| Interest expense | 36,635 | 35,827 |
| Interest income | (6,020) | (4,157) |
| Operating profit before working capital changes | <u>262,708</u> | <u>510,404</u> |
| Changes in working capital: | | |
| Change in inventories | (641) | (39,537) |
| Change in amount owing by/(to) affiliated companies | (137,722) | (2,718) |
| Change in operating receivables | 14,189 | (10,310) |
| Change in operating payables | 24,524 | 77,553 |
| Cash generated from operations | <u>163,058</u> | <u>535,392</u> |
| Income tax paid | (36,185) | (109,427) |
| Net cash generated from operating activities | <u>126,873</u> | <u>425,965</u> |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (39,091) | (52,742) |
| Proceeds from sales of property, plant and equipment | 1,189 | 73 |
| Acquisition of land use rights | (140) | (270) |
| Change in amount owing to non-controlling interest | - | - |
| Interest received | 6,020 | 4,157 |
| Net cash used in investing activities | <u>(32,022)</u> | <u>(48,782)</u> |
| Cash flows from financing activity | | |
| Dividend paid | (18,482) | (15,509) |
| Repayment of loan to non-controlling interests | (125,000) | (60,000) |
| Proceeds from bank borrowings | - | - |
| Repayment of bank borrowings | (30,000) | (41,250) |
| Interest paid | (36,635) | (35,827) |
| Net cash used in financing activities | <u>(210,117)</u> | <u>(152,586)</u> |
| Net increase in cash and cash equivalents | (115,266) | 224,597 |
| Cash and cash equivalents at beginning of period | <u>702,615</u> | <u>352,035</u> |
| Cash and cash equivalents at end of period | <u>587,349</u> | <u>576,632</u> |

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

| | | |
|---------------|----------------|----------------|
| Cash on hand | 59 | 68 |
| Bank balances | 587,290 | 576,564 |
| | <u>587,349</u> | <u>576,632</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 nine months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, “the Group”).

2. Basis of Preparation

The condensed interim financial statements for the nine months ended 30 September 2022 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 2021.

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 2021.

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 is the 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 life. 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.

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 December 2021.

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 is 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 (Cont'd)

4.1. Reportable segments

| | The Group 9 months ended 30 September 2022 | | |
|---|---|---|------------------|
| | Gas Separation RMB'000 | Transport and Logistic Services RMB'000 | Total RMB'000 |
| Revenue | | | |
| External customers | 3,278,079 | 198,733 | 3,476,812 |
| Inter-segment sales | 1,162,322 | 2,775 | 1,165,097 |
| Total revenue | <u>4,440,401</u> | <u>201,508</u> | <u>4,641,909</u> |
| Segment assets | <u>2,110,361</u> | <u>25,724</u> | <u>2,136,085</u> |
| Segment liabilities | <u>24,764</u> | <u>13,922</u> | <u>38,686</u> |
| Results | | | |
| Segment results | <u>137,097</u> | <u>15,942</u> | <u>153,039</u> |
| Unallocated expenses | | | |
| Unallocated corporate expenses | | | (13,421) |
| Profit from operations | | | 139,618 |
| Finance income | | | 6,020 |
| Finance cost | | | (36,635) |
| Profit before tax | | | 109,003 |
| Tax expense | | | (40,494) |
| Profit after tax | | | <u>68,509</u> |
| Segments assets for reportable segments | | | 2,136,085 |
| Other assets | | | |
| Unallocated | | | |
| Amounts owing by affiliated companies | | | 129 |
| Cash and cash equivalents | | | 587,349 |
| Other receivables | | | 990 |
| Goodwill on consolidation | | | 10,345 |
| | | | <u>2,734,898</u> |
| Segments liabilities for reportable segments | | | 38,686 |
| Other liabilities | | | |
| Unallocated | | | |
| Other payables | | | 160,079 |
| Amounts owing to affiliated companies | | | 1,822 |
| Bank borrowings | | | 450,000 |
| Loan from non-controlling interest | | | 500,000 |
| Current tax payable | | | 17,827 |
| | | | <u>1,168,414</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 9 months ended 30 September 2021 | | |
|---|---|---|------------------|
| | Gas Separation RMB'000 | Transport and Logistic Services RMB'000 | Total RMB'000 |
| Revenue | | | |
| External customers | 3,166,404 | 179,380 | 3,345,784 |
| Inter-segment sales | 950,965 | 32 | 950,997 |
| Total revenue | <u>4,117,369</u> | <u>179,412</u> | <u>4,296,781</u> |
| Segment assets | <u>2,240,009</u> | <u>44,546</u> | <u>2,284,555</u> |
| Segment liabilities | <u>50,276</u> | <u>3,650</u> | <u>53,926</u> |
| Results | | | |
| Segment results | <u>396,144</u> | <u>20,971</u> | <u>417,115</u> |
| Unallocated expenses | | | |
| Unallocated corporate expenses | | | (14,230) |
| Profit from operations | | | 402,885 |
| Finance income | | | 4,157 |
| Finance cost | | | (35,827) |
| Profit before tax | | | 371,215 |
| Tax expense | | | (93,320) |
| Profit after tax | | | <u>277,895</u> |
| Segments assets for reportable segments | | | 2,284,555 |
| Other assets | | | |
| Unallocated | | | |
| Amounts owing by affiliated companies | | | 131 |
| Cash and cash equivalents | | | 576,632 |
| Other receivables | | | 1,572 |
| Goodwill on consolidation | | | 10,345 |
| | | | <u>2,873,235</u> |
| Segments liabilities for reportable segments | | | 53,926 |
| Other liabilities | | | |
| Unallocated | | | |
| Other payables | | | 170,439 |
| Amounts owing to affiliated companies | | | 1,819 |
| Bank borrowings | | | 490,000 |
| Loan from non-controlling interest | | | 645,000 |
| Current tax payable | | | 25,017 |
| | | | <u>1,386,201</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 9 months ended 30 September 2022 | | |
|-----------------------------------|---|---|------------------|
| | Gas Separation RMB'000 | Transport and Logistic Services RMB'000 | Total RMB'000 |
| People's Republic of China | | | |
| Liquefied petroleum gas | 387,683 | - | 387,683 |
| Polypropylene | 154,957 | - | 154,957 |
| Premium grade polypropylene | 902,282 | - | 902,282 |
| Methyl Tert-Butyl Ether ("MTBE") | 1,571,087 | - | 1,571,087 |
| Propylene II | 493 | - | 493 |
| Hydrogen | 134,086 | - | 134,086 |
| Isobutylene | 105,596 | - | 105,596 |
| Other Gas | 21,895 | - | 21,895 |
| Transport and logistic services | - | 198,733 | 198,733 |
| | 3,278,079 | 198,733 | 3,476,812 |

| | The Group 9 months ended 30 September 2021 | | |
|-----------------------------------|---|---|------------------|
| | Gas Separation RMB'000 | Transport and Logistic Services RMB'000 | Total RMB'000 |
| People's Republic of China | | | |
| Liquefied petroleum gas | 392,852 | - | 392,852 |
| Propylene | 82,883 | - | 82,883 |
| Polypropylene | 226,067 | - | 226,067 |
| Premium grade polypropylene | 756,406 | - | 756,406 |
| Methyl Tert-Butyl Ether ("MTBE") | 1,297,735 | - | 1,297,735 |
| Propylene II | 124,972 | - | 124,972 |
| Hydrogen | 151,807 | - | 151,807 |
| Isobutylene | 115,747 | - | 115,747 |
| Other Gas | 17,935 | - | 17,935 |
| Transport and logistic services | - | 179,380 | 179,380 |
| | 3,166,404 | 179,380 | 3,345,784 |

5. Profit before taxation

Significant items

| | The Group | |
|---|--|--|
| | 9 months ended 30 September 2022 RMB'000 | 9 months ended 30 September 2021 RMB'000 |
| Interest income | 6,020 | 4,157 |
| Expenses: | | |
| Interest on borrowings | 36,635 | 35,827 |
| Depreciation of property, plant and equipment | 122,151 | 106,683 |
| Amortisation of land use rights | 851 | 816 |
| Loss on disposal of property, plant and equipment | - | 20 |
| Property, plant and equipment written off | 88 | - |
| | 169,725 | 148,553 |

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

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 | |
|--|--|--|
| | 9 months ended 30 September 2022 RMB'000 | 9 months ended 30 September 2021 RMB'000 |
| Current income tax expense | | |
| - Profit for the financial period | 39,959 | 92,417 |
| - Under provision in prior financial periods | 535 | 903 |
| | 40,494 | 93,320 |

7. Property, plant and equipment

During the nine months ended 30 September 2022, the Group acquired assets amounting to RMB39,091,000 (30 September 2021: RMB52,742,000) and disposed of assets with net carrying value amounting to RMB1,189,000 (30 September 2021: RMB93,000).

8. Goodwill arising on consolidation

| | The Group | |
|---------------------------------------|---------------------------------|--------------------------------|
| | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| Cost and carrying amount | | |
| Beginning and end of financial period | 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 | |
|---|---------------------------------|--------------------------------|
| | 30 September 2022 RMB'000 | 31 December 2021 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 |
| | 10,345 | 10,345 |

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% (2021: 3%). These cash flows were discounted using a pre-tax discount rate of 10% (2021: 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.

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

8. Goodwill arising on consolidation (Cont'd)

8.1. Goodwill impairment (Cont'd)

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.

9. Financial assets at fair value through other comprehensive income

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

| | The Group | |
|--|---------------------------------|--------------------------------|
| | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| Equity security (unquoted) | | |
| - Dongming Qianhai Reli Co., Ltd. (东明前海热力有限公司) | | |
| Beginning of financial period | 79,761 | 79,761 |
| Fair value gains recognised in other comprehensive income | - | - |
| End of financial year | <u>79,761</u> | <u>79,761</u> |

Represents 18% of equity interest in Dongming Qianhai Reli Co., Ltd. The Group has elected to measure these 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 |
|----------------------------|--------------------|
| 30 September 2022 | |
| Financial assets, at FVOCI | <u>79,761</u> |
| 31 December 2021 | |
| Financial assets, at FVOCI | <u>79,761</u> |

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

10. Inventories

| | The Group | | The Company | |
|----------------|----------------|----------------|--------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At cost | | | | |
| Consumables | 12,240 | 76,155 | - | - |
| Raw materials | 48,526 | 79,481 | - | - |
| Finished goods | 198,686 | 103,175 | - | - |
| | <u>259,452</u> | <u>258,811</u> | - | - |

11. Trade and other receivables

| | The Group | | The Company | |
|------------------------|---------------|---------------|--------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade receivables | | | | |
| – Non-related parties | 23,015 | 26,053 | - | - |
| Other receivables | | | | |
| – Non-related parties | 9,766 | 9,868 | - | - |
| Accrued revenue | - | 16,878 | - | - |
| Advances made to staff | 990 | 1,395 | - | - |
| Refundable deposits | - | 141 | - | - |
| | <u>33,771</u> | <u>54,335</u> | - | - |

| | The Group | | The Company | |
|---|--------------|-------------|--------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Amount owing by a subsidiary corporation | | | | |
| Loans to a subsidiary corporation | - | - | 8,038 | 7,487 |

| | The Group | | The Company | |
|---|--------------|-------------|--------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Amount owing by affiliated companies | | | | |
| | 129 | 12,404 | - | - |

12. Prepayments

| | The Group | | The Company | |
|--------------------|--------------|--------------|--------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Prepayments | | | | |
| Raw materials | 1,998 | - | - | - |
| Others | 7,360 | 2,983 | - | - |
| | <u>9,358</u> | <u>2,983</u> | - | - |

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

13. Share capital

| | The Group and the Company | | | |
|--|-----------------------------|-------------------|-----------------------------|-------------------|
| | 30 September 2022 | | 31 December 2021 | |
| | 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 | |
|--|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| Amount repayable within one year or on demand | | | | |
| - Secured | 60,000 ^(a) | 60,000 ^(a) | - | - |
| - Unsecured | 200,000 ^(b) | 175,000 ^(b) | - | - |
| Amount repayable after one year | | | | |
| - Secured | 390,000 ^(a) | 420,000 ^(a) | - | - |
| - Unsecured | 350,000 ^(b) | 450,000 ^(b) | - | - |

(a) Bank borrowings of the subsidiary Dongming Qianhai 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).

15. Trade and other payables

| | The Group | | The Company | |
|---|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| Trade payables | | | | |
| - Non-related parties | 34,279 | 69,796 | - | - |
| Other payables | | | | |
| - Non-related parties | 40,504 | 51,378 | 793 | 850 |
| Other payables – staff | 363 | 221 | - | - |
| Accruals | 24,251 | 8,228 | - | 1,315 |
| VAT payables | 11,852 | 14,028 | - | - |
| Other governmental tax payables | 2,331 | 2,375 | - | - |
| Contract liabilities – advance collection from customers | 80,777 | 23,807 | - | - |
| | 194,357 | 169,833 | 793 | 2,165 |

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

15. Trade and other payables (Cont'd)

| | The Group | | The Company | |
|---|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| Amount owing to affiliated companies | | | | |
| - Trade | 1,819 | 151,819 | - | - |
| - Non-trade | 3 | - | - | - |
| | <u>1,822</u> | <u>151,819</u> | <u>-</u> | <u>-</u> |

16. Dividends

| | The Group | |
|--|--|--|
| | 9 months ended 30 September 2022 RMB'000 | 9 months ended 30 September 2021 RMB'000 |
| Ordinary dividend paid: | | |
| - Final tax-exempt (one-tier) dividend paid in respect of previous financial year of S\$ 0.006 (equivalent to RMB 0.0288) [2021: S\$ 0.005 (equivalent to RMB 0.0242)] per share | | |
| | <u>18,482</u> | <u>15,509</u> |

17. Net asset value

| | The Group | | The Company | |
|------------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| Net asset value per ordinary share | <u>1.98</u> | <u>1.95</u> | <u>0.40</u> | <u>0.40</u> |

18. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 31 December 2021.

| | Note | The Group | | The Company | |
|------------------------------|------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 | 30 September 2022 RMB'000 | 31 December 2021 RMB'000 |
| Financial Assets | | | | | |
| - At FVOCI | 9 | 79,761 | 79,761 | - | - |
| - At amortised cost | | 620,260 | 767,959 | 9,009 | 9,315 |
| | | <u>700,021</u> | <u>847,720</u> | <u>9,009</u> | <u>9,315</u> |
| Financial Liabilities | | | | | |
| - At amortised cost | | <u>1,055,627</u> | <u>1,390,850</u> | <u>793</u> | <u>2,165</u> |

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 | |
|--|--|--|
| | 9 months ended 30 September 2022 RMB'000 | 9 months ended 30 September 2021 RMB'000 |
| Sales to affiliated companies | | |
| - 山东东明石化集团有限公司 | 1,988 | 27,380 |
| - 东明石油经销有限公司 | 3,578 | 41,033 |
| - 山东东明梨树化学有限公司 | 191,446 | 272,796 |
| - 东明中油燃料石化有限公司 | 68,933 | 27,449 |
| - 山东润泽化工有限公司 | 208,505 | 177,329 |
| | 208,505 | 177,329 |
| Purchases from affiliated companies | | |
| - 东明石油经销有限公司 | 1,314 | 24,566 |
| - 山东润泽化工有限公司 | 71,137 | 39,333 |
| - 东明中油燃料石化有限公司 | 1,924,326 | 1,641,065 |
| - 山东东明石化集团有限公司 | 35,071 | 32,160 |
| - 山东东明梨树化学有限公司 | 98,822 | 152,203 |
| - 山东炼化能源集团有限公司 | 1,347 | 9,546 |
| - 东明润明油品销售有限公司 | 8,579 | 7,332 |
| - 东明前海热力有限公司 | 316,313 | - |
| - 江苏新海化工有限公司 | 52,608 | - |
| - 江苏润海油品销售有限公司 | 46,531 | - |
| | 46,531 | - |
| Contra transactions with affiliated companies | | |
| - 东明润泽化工有限公司 | 4,470 | - |
| - 东明前海热力有限公司 | 60,456 | - |
| - 山东劲海化工有限公司 | 1,441 | - |
| - 山东东明石化集团有限公司 | 2 | - |
| - 东明洁源环保科技有限公司 | 270 | - |
| - 山东东明石化集团电力有限公司 | 1,295 | - |
| | 1,295 | - |
| Interest expenses on loan charged by affiliated company | | |
| - 山东东明石化集团有限公司 | 21,365 | 24,665 |
| | 21,365 | 24,665 |
| Other individually immaterial transactions | 8,875 | 12,921 |

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

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 30 September 2022 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 nine-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

The consolidated statement of financial position of Sinostar PEC Holdings Limited and its subsidiaries as at 30 September 2022 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 nine-month period then ended and certain explanatory notes have not been audited or reviewed.

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

| 3Q22 | 3 months ended | | 3 months ended | | +/(-) % |
|---------------------------------------|-------------------|--------|-------------------|--------|---------|
| | 30 September 2022 | | 30 September 2021 | | |
| Analysis of Revenue | RMB'000 | % | RMB'000 | % | % |
| Processed LPG - Total | 321,190 | 24.8% | 373,257 | 29.9% | -13.9% |
| - Inter-company* | (220,406) | -17.0% | (225,976) | -18.1% | -2.5% |
| Propylene | - | - | - | - | 0% |
| Polypropylene | 10,139 | 0.8% | 69,948 | 5.6% | -85.6% |
| Premium grade polypropylene # | | | | | |
| - Total | 382,094 | 29.5% | 428,279 | 34.3% | -10.8% |
| - Inter-company*** | (5,146) | -0.4% | - | - | NM |
| MTBE | 624,699 | 48.2% | 451,794 | 36.2% | 38.3% |
| Propylene II - Total | 147,257 | 11.4% | 160,133 | 12.8% | -8.0% |
| - Inter-company** | (147,257) | -11.4% | (160,133) | -12.8% | -8.0% |
| Hydrogen | 52,290 | 4.0% | 50,603 | 4.1% | 3.3% |
| Isobutylene | 34,895 | 2.7% | 36,403 | 2.9% | -4.1% |
| Other Gas | 12,256 | 0.9% | 7,292 | 0.6% | 68.1% |
| Logistic & transport related services | 83,936 | 6.5% | 55,784 | 4.5% | 50.5% |
| TOTAL | 1,295,947 | 100.0% | 1,247,384 | 100.0% | 3.9% |

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)

Revenue (Cont'd)

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

| 9M22 | 9 months ended | | 9 months ended | | +/(-) |
|---------------------------------------|-------------------|--------|-------------------|--------|---------|
| | 30 September 2022 | | 30 September 2021 | | |
| | RMB'000 | % | RMB'000 | % | % |
| Analysis of Revenue | | | | | |
| Processed LPG - Total | 1,140,303 | 32.8% | 981,041 | 29.3% | 16.2% |
| - Inter-company* | (752,618) | -21.6% | (588,189) | -17.6% | 28.0% |
| Propylene | - | - | 82,883 | 2.5% | -100.0% |
| Polypropylene | 154,956 | 4.5% | 226,067 | 6.8% | -31.5% |
| Premium grade polypropylene | | | | | |
| - Total | 911,237 | 26.2% | 756,406 | 22.6% | 20.5% |
| - Inter-company*** | (8,955) | -0.3% | - | - | NM |
| MTBE | 1,571,087 | 45.2% | 1,297,736 | 38.8% | 21.1% |
| Propylene II - Total | 401,240 | 11.5% | 487,748 | 14.6% | -17.7% |
| - Inter-company** | (400,748) | -11.5% | (362,777) | -10.8% | 10.5% |
| Hydrogen | 134,086 | 3.9% | 151,807 | 4.5% | -11.7% |
| Isobutylene | 105,596 | 3.0% | 115,747 | 3.5% | -8.8% |
| Other Gas | 21,895 | 0.6% | 17,935 | 0.5% | 22.1% |
| Logistic & transport related services | 198,733 | 5.7% | 179,380 | 5.4% | 10.8% |
| TOTAL | 3,476,812 | 100.0% | 3,345,784 | 100.0% | 3.9% |

* supplied of LPG to subsidiary Dongming Qianhai

** supplied of Propylene II to immediate holding company Dongming Hengchang

*** supplied of Premium grade polypropylene to subsidiary Dongming Qianhai

NM - Not Meaningful

(a) Processed LPG

A periodical maintenance carried out in the month of August 2022 resulted LPG to decreases by 13.9% from RMB 373.3 million in 3Q21 to RMB 321.1 million in 3Q22 (included the inter-company transactions). A total of 54,092 tonne produced and sold during the periods, a decrease of 37.9% as compared to 3Q21. Average selling prices ("ASP") and average cost of production ("ACP") during the period increase by 38.6% and 52.7% respectively as compared to 3Q21.

However, LPG increases by 16.2% from RMB 981.0 million in 9M21 to RMB 1,140.3 million in 9M22(included inter-company transactions). Total of 196,505 tonne produced and sold during 9M22, a decrease of 20.2% as compared to 9M21. Both the ASP and ACP during the periods increase by 45.6% and 53.5% respectively, as compared to 9M21.

(b) Propylene

Propylene is mainly used to further process into polypropylene and only excess output will be sold to markets. During the 3Q22 reporting period, as facing difficulties in sourcing for shortfall propylene from the external market, all internal produced propylene were allocated to produce premier grade polypropylene.

Due to the reason mentioned in 3Q22, the sale of propylene decreases by 100.0% from RMB 82.9 million in 9M21 to RMB Nil in 9M22.

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)

Revenue (Cont'd)

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

(c) Polypropylene

Due to abovementioned that all internal produced propylene were allocated for premier grade polypropylene production, polypropylene plant was down for a major maintenance and temporary halt production since July 2022 causes this revenue to decrease 85.5% from RMB 69.9 million in 3Q21 to RMB 10.1 million in 3Q22. Total output was reduced by 85.2% from 9,502 tonnes to 1,410 tonnes as compared to 3Q21.

Polypropylene decreases by 31.5% from RMB 226.1 million in 9M21 to RMB 154.9 million in 9M22. Total output decrease by 31.7% to 20,849 tonnes in 9M22, both the ASP and ACP during the 9M21 increase by 2.0% and 6.9% respectively as compared to 9M21.

(d) Premium grade polypropylene

Premium grade polypropylene decreases by 10.8% from RMB 428.2 million in 3Q21 to RMB 382.0 million in 3Q22, included the inter-company transactions. Production halted periods from 15 July 2022 to 24 August 2022 for maintenance causes the output to reduce by 6.8% to 53,371 tonnes as compared to 3Q22.

For 9M22, total output increases by 23.4% to from 100,278 tonnes to 123,791 tonnes, ASP decreases by 2.4%, whereas ACP increases by 1.7% as compared to 9M21 has resulted in an increase in the revenue by 20.5% from RMB 756.4 million to RMB 911.2 million.

(e) MTBE

MTBE increases by 38.3% from RMB 451.7 million in 3Q21 to approximately RMB 624.6 million in 3Q22. Production output by increases by 6.4% to 93,889 tonnes. Both ASP and ACP during the period increase by 29.9% and 37.2% respectively as compared to 3Q21.

Total MTBE increases by 21.1% from RMB1,297.7 million in 9M21 to RMB1,571.0 million in 9M22. Output by decreases by 9.0% to 241,714 tonnes whereas both ASP and ACP during the periods increase by 33.0% and 49.5% respectively as compared to 9M21.

(f) Propylene II

Propylene II decreases by 8.0% from RMB 160.1 million in 3Q21 to RMB 147.2 million in 3Q22, (all 3Q22 output were allocated for premier grade polypropylene production use). Production output decrease by 1.2% to 23,752 tonnes, both ASP and ACP decrease by 6.9% and 15.2% respectively as compared to 3Q21.

Total revenue decreases by 17.7% from RMB 487.7 million in 9M21 to RMB 401.2 million in 9M22, (included the inter-company transactions). During the 9M22, output decreases by 16.7% to 60,360 tonnes, both ASP and ACP decrease by 1.3% and 10.5% respectively as compared to 9M21.

(g) Hydrogen

Hydrogen is mainly transacted with an affiliate party for its production utilities consumption. During the period, production output increases by 3.3% to 3,558 tonnes resulted the revenue to increase from RMB 50.6 million in 3Q21 to RMB 2.2 million in 3Q22.

For 9M22, a total output of 9,126 tonnes was transacted with a revenue value of RMB 134.0 million.

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)

Revenue (Cont'd)

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

(h) Isobutylene

Isobutylene decreases by 4.1% from RMB 36.4 million in 3Q21 to RMB 34.8 million in 3Q22 due to steeper competition in the market. Total production output decreases by 28.2% to 3,285 tonnes, whereas both the ASP and ACP during the reporting period increase by 33.5% and 39.3% respectively as compared to 3Q21.

For 9M22, the decrease in total output by 32.0% to 10,482 tonnes together with the increase in both ACP and ASP by 34.2% and 51.4% has resulted in a decrease in revenue by 8.8% from RMB 115.7 million to RMB 105.5 million.

(i) Logistics & transport related service

Revenue from this business increases by 50.5% from RMB 55.7 million in 3Q21 to RMB 83.9 million in 3Q22. Mainly due to increase in delivery demand where a total of 511,600 tonne transported in 3Q22 as compared to a total of 365,600 tonne in 3Q21.

Total revenue for 9M22 increases 10.8% from RMB 179.3 million to RMB 198.7 million, mainly due to increase in transportation demand.

Gross profit

Gross profit decreases from RMB 118.4 million in 3Q21 to approximately RMB 52.7 million in 3Q22, and from RMB 418.1 million to RMB 154.1 million for 9M22, mainly due to decrease in production output in most of the products.

Other income and expenses

(a) Other income

Comprise mainly an incentive money received from 工业和信息化部支持民营经济高质量发展奖励资金 amounted to approximately RMB 3.7 million, and bank interest earned on short-term deposits placed with financial institution amounted to approximately RMB 1.9 million.

For 9M22, a total of RMB 6.0 million earned from bank interest and balances on non-trade receivables.

(b) Administrative costs

Decreased from RMB 6.3 million in 3Q21 to RMB 5.6 million in 3Q22 mainly due to the decrease in the overhead expenses in subsidiaries.

(c) Finance costs

Interests incurred on the loan from non-controlling interest amounted to RMB 6.7 million and RMB 4.9 million on external bank borrowing in 3Q22.

For 9M22, total of RMB 36.6 million interest paid to non-controlling interest and balance on bank loan.

OTHER INFORMATION (CONT'D)

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

Other income and expenses (Cont'd)

(d) Taxation

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

Net Profit

The Group made a profit of RMB 24.8 million in 3Q22 attributed to the equity holders of the company, as compared to profit of RMB 58.8 million in 3Q21.

For 9M22, a total profit of RMB 39.0 million attributed to the equity holders of the company as compared to RMB 215.7 million in 9M21.

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 RMB 12.2 million of consumables, RMB 48.5 million of raw materials and equivalent value of RMB 198.6 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

Comprise mainly a capital loan from bank to finance Dongming Hengchang's new polypropylene construction. The loan is carrying at floating rate of 4.41% per annum and repayment is made every half yearly. Full settlement is scheduled by January 2027.

A repayment of RMB 30.0 million was made as of 30 September 2022.

(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 in Dongming Qianhai since acquisition. Term of loan is unsecured, bearing interest at 4.75% per annum with repayment by instalments on a quarterly basis till full settlement by 1 April 2025.

There was a repayment of RMB 50.0 million made in 3Q22.

Condensed Interim Consolidated Statement of Cash Flow

As of 30 September 2022, the group generated RMB 126.8 million net cash from operating, offset RMB 32.0 and RMB 210.1 million net cash used in both investing and financing activities, respectively. As a result, the Group's cash and cash equivalent amounted to RMB 587.3 million.

OTHER INFORMATION (CONT'D)

- 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 30 September 2022.

- 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.

| | 30 September 2022 | 31 December 2021 |
|---|-------------------|------------------|
| Number of issued shares (excluding treasury shares) | 640,000,000 | 640,000,000 |
| Number of treasury shares held | 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.

4. 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 30 September | |
|--|-----------------------------|-------------|
| | 2022 | 2021 |
| 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 | 1.73 | 9.20 |
| No. of shares in issue (weighted average) | 640,000,000 | 640,000,000 |
| (b) On a fully diluted basis | 1.73 | 9.20 |
| No. of shares in issue (weighted average) | 640,000,000 | 640,000,000 |

| | 9 months ended 30 September | |
|--|-----------------------------|-------------|
| | 2022 | 2021 |
| 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 | 6.10 | 33.70 |
| No. of shares in issue (weighted average) | 640,000,000 | 640,000,000 |
| (b) On a fully diluted basis | 6.10 | 33.70 |
| 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.**

In line with China's "Zero Covid" policy, scattered Covid outbreaks in the country have prompted tighter social-distancing measures and controls on business activities. The frequent Covid outbreaks have resulted in a fall in China's factory activity. According to the National Bureau of Statistics, the official purchasing managers' index for manufacturing fell to 49.2 in October 2022, down from 50.1 in September 2022¹.

The Group has been taking cautious steps in strengthening its business, while optimising production. In August 2022, the Group retired a 100K tons Gas fractionation installation, which has commissioned its production between December 2000 and 2020. The decision to retire the plant was done after carrying out a full cost-benefit evaluation. The strategic retirement of the plant is not expected to have a significant impact on the Group.

The Group remains reasonably optimistic about the long-term demand for its petrochemical products, which are used across a wide range of industries based on the existing orders. Concurrently, the Group will remain vigilant in its management of cash flows, fiscal responsibilities, and operating capital requirements.

7. **Dividend information**

- (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

- (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.

¹ http://www.stats.gov.cn/english/PressRelease/202211/t20221101_1889909.html

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 2022 to September 2022 :-</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., Limited (东明前海化工有限公司) (transactions are subjects to consolidation group eliminations)</p> <ul style="list-style-type: none"> - Processed LPG - Propylene - Recycled propylene - Utilities - Contra of utilities on productions - Logistics & transportation related service provide to <p>Dongming Zhongyou Fuel and Petrochemical Company Limited (东明中油燃料石化有限公司)</p> <ul style="list-style-type: none"> - Purchase of raw LPG - Purchase of utilities - Logistics & transport related services provided to <p>Shandong Dongming Petrochem Group Co., Ltd. (山东东明石化集团有限公司)</p> <ul style="list-style-type: none"> - Purchase of utilities, part & components - Contra of Utilities - Logistics & transport related services provided to - Accrued Interest on loan from non-controlling interest | <p>RMB 400,748,145</p> <p>RMB 8,955,364</p> <p>RMB 7,682,234</p> <p>RMB 1,731</p> | <p>RMB 752,618,790</p> <p>RMB 2,404,168</p> <p>RMB 2,774,807</p> <p>RMB 1,907,964,926</p> <p>RMB 16,357,144</p> <p>RMB 68,930,928</p> <p>RMB 34,879,346</p> <p>RMB 1,994,440</p> <p>RMB 21,365,104</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) |
|---|---|---|
| <p>For period from January 2022 to September 2022;-</p> <p>Dongming Runze Petrochemical Co., Ltd (东明润泽化工有限公司)</p> <ul style="list-style-type: none"> - Purchase of utilities, part & components - Sale of Hydrogen gas[^] - contra of utilities[^] - Sale of processed LPG - Logistics & transport related services provided to <p>Dongming Crude Oil Distribution Co., Ltd (东明石油经销有限公司)</p> <ul style="list-style-type: none"> - Logistics & transport related services provided to - Purchase of components - Consignment fee <p>Shandong Dongming Lishu Petroluem Co., Ltd (山东东明梨树化学有限公司)</p> <ul style="list-style-type: none"> - Sales of processed LPG - Purchase of LPG - Purchase of utilities - Sales of utilities - Logistics & transport related services provide to <p>Dongming Runming Oil Products Distribution Co., Limited (东明润明油品销售有限公司)</p> <ul style="list-style-type: none"> - Logistics & transport related services provide to | <p>RMB 133,163,611 RMB 4,699,737</p> <p>RMB 2,105,762</p> <p>RMB 12,008</p> | <p>RMB 71,487,205</p> <p>RMB 70,975,617 RMB 4,366,175</p> <p>RMB 1,471,921</p> <p>RMB 1,314,358</p> <p>RMB 188,158,503 RMB 95,595,782 RMB 3,226,398</p> <p>RMB 3,275,559</p> <p>RMB 155,917</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) |
|---|---|--|
| <p>For period from January 2022 to September 2022:-</p> <p>Shandong LianHua Energy Group Co. Ltd. (山东炼化能源集团有限公司) ^</p> <ul style="list-style-type: none"> - Purchase of propylene <p>Dongming WanHaiLuiJiang Petrochemical Co., Ltd (东明万海氯碱化工有限公司)</p> <ul style="list-style-type: none"> - Logistics & transport related services provided to <p>Dongming Qianhai Reli Co., Ltd. (东明前海热力有限公司) #</p> <ul style="list-style-type: none"> - Purchase of utilities - Sales of utilities - Contra on purchase of utilities <p>Jiangsu Xinhai Petrochem Co., Ltd (江苏新海化工有限公司) #</p> <ul style="list-style-type: none"> - Purchase of propylene <p>Jiangsu Runhai Oil Products Distribution Co., Ltd (江苏润海油品销售有限公司) #</p> <ul style="list-style-type: none"> - Purchase of LPG - Purchase of Propylene | <p>RMB 1,347,005</p> <p>RMB 10,029,088</p> <p>RMB 147,266 RMB 60,455,865</p> <p>RMB 52,608,111 (see note)</p> <p>RMB 23,635,604 (see note)</p> | <p>RMB 316,312,917</p> <p>RMB 22,895,574</p> |

Note - include a reclassification of previous transaction from Jiangsu Qianhai to Jiangsu Runhai

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) |
|---|---|--|
| <p>For period from January 2022 to September 2022;-</p> <p>Shandong Jin-hai Petrochemical Pte Ltd (山东劲海化工有限公司)</p> <ul style="list-style-type: none"> - Utilities on contra of production costs <p>Shandong Jie-yuan Environmental Technology Pte Ltd (东明洁源环保科技有限公司)</p> <ul style="list-style-type: none"> - Purchase of utilities - Contra of utilities <p>Shandong Dongming Petrochem Group Electricity Pte Ltd (山东东明石化集团电力有限公司) ^^</p> <ul style="list-style-type: none"> - Utilities contra on production costs | <p>RMB 1,440,658</p> <p>RMB 270,276</p> <p>RMB 1,294,779</p> | <p>RMB 1,622,149</p> |

The Company had made an announcement on 28 February 2022 in respect of several interested persons transactions ("IPT Announcement") that it had entered into during the financial year ended 31 December 2021 with Dongming Qianhai Reli Co. Ltd (东明前海热力有限公司), Jiangsu Xinghai Petrochem Co., Ltd (江苏新海化工有限公司) and Jiangsu Renhai Oil Products Distribution Co., Ltd (江苏润海油品销售有限公司) which were not covered under the existing IPT mandate approved by the shareholders, and are of a revenue and trading nature ("Past Recurrent IPTs").

^ The Company had made another announcement on 13 July 2022 in respect of several past disclosed interested persons transactions that it had entered into during the financial year ended 31 December 2021 with Dongming Qianhai Petrochemical Co. Ltd (东明前海化工有限公司), Shandong Runze Petrochemical Co.,Ltd (山东润泽化工有限公司) and Shandong Lianhua Energy Group Co., Ltd (山东炼化能源集团有限公司) which are not covered under the existing IPT mandate approved by the shareholders, and are of a revenue and trading nature ("Past Recurrent IPTs").

The Company shall be convening an EGM to obtain shareholders' approval for the proposed ratification of the Past Recurrent IPTs and the adoption of the proposed new IPT General Mandate for future IPTs with the above-mentioned companies. The details of the Past Recurrent IPTs, proposed ratification of the Past Recurrent IPTs and the adoption of the proposed new IPT General Mandate for future IPTs are set out in the IPT Announcement. Further, the Company will make further announcements on SGXNET regarding the EGM at the appropriate juncture with more information regarding the foregoing.

^^ No further transactions with effects from June 2022

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 | 61 | Father of Li Zhi, non-executive Director of the Company. | Non-Executive Chairman Since 2006, Substantial shareholder of the Company. | From non-executive Chairman to Executive Chairman from April 2021. |
| Li Zhi | 36 | Son of Mr Li Xiangping, the Non-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 nine-month period ended 30 September 2022 to be false or misleading in any material aspect.

Li Xiang Ping
Executive Chairman and CEO

Jiang Xinglu
AC Chairman, Independent Director

Singapore
12 November 2022