



中星石化控股有限公司  
SINOSTAR PEC HOLDINGS LIMITED

ANNUAL REPORT 2024



**Sculpting Our Path To Sustainable Growth**

## **WE ARE SINOSTAR PEC HOLDINGS LIMITED**

With advanced process technology and comprehensive infrastructure, we have established ourselves as a trusted manufacturer and supplier of high-end petrochemical products, with our products and services reaching customers nationwide.





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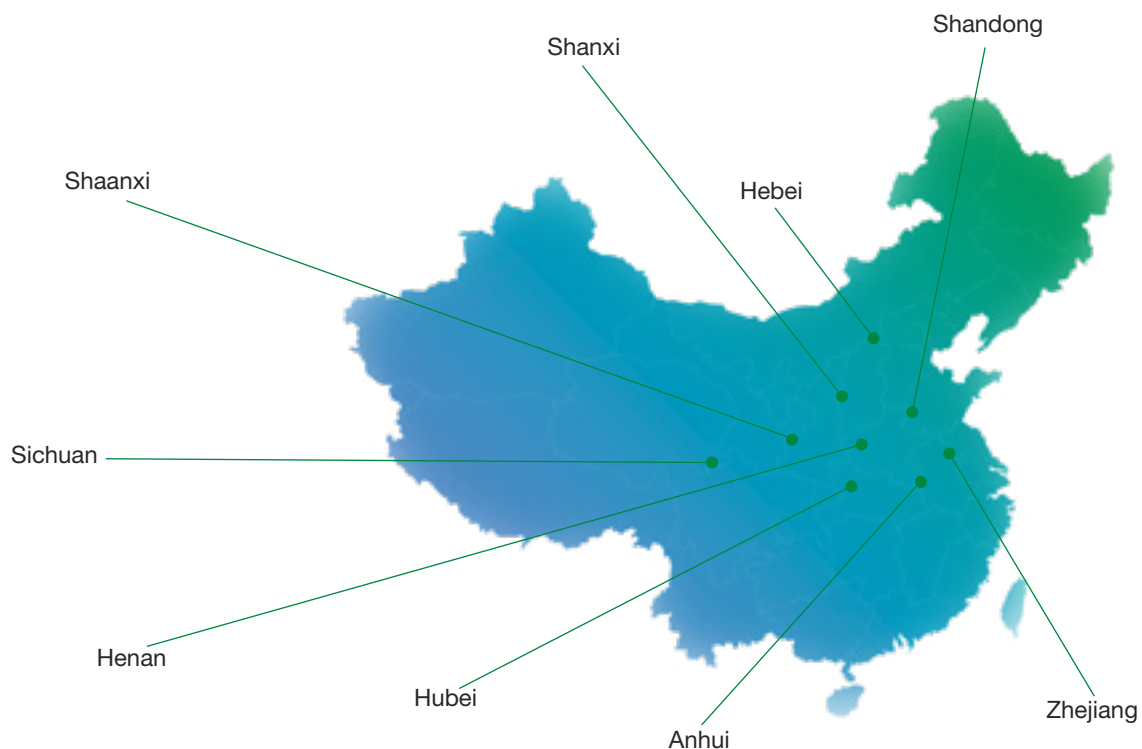
# SINOSTAR PEC AT A GLANCE

We are committed to our goal of becoming a premier global producer and provider of high-end petrochemical products. Our guiding principles are Be Honest, Be Self-motivated, Be Innovative and Be Dedicated.



## ABOUT SINOSTAR PEC HOLDINGS LIMITED

We are one of the largest producers and suppliers of downstream petrochemical products within the 400km radius of our production facilities within the Dongming Petrochem Industrial Zone in Dongming County of Shandong Province, PRC. Located within the Zhongyuan Oilfield - one of the PRC's largest oil fields, rich in energy resources and connected by a comprehensive logistics network, our strategic placement permits us to hand out to the nearby populous and industrialised provinces such as Shandong, Henan, Anhui, Shanxi, Shaanxi, Sichuan, Hebei, Hubei and Zhejiang. We aspire to be more than an experienced producer of petrochemical goods as well as a committed supplier of product quality, prompt delivery and good customer service.



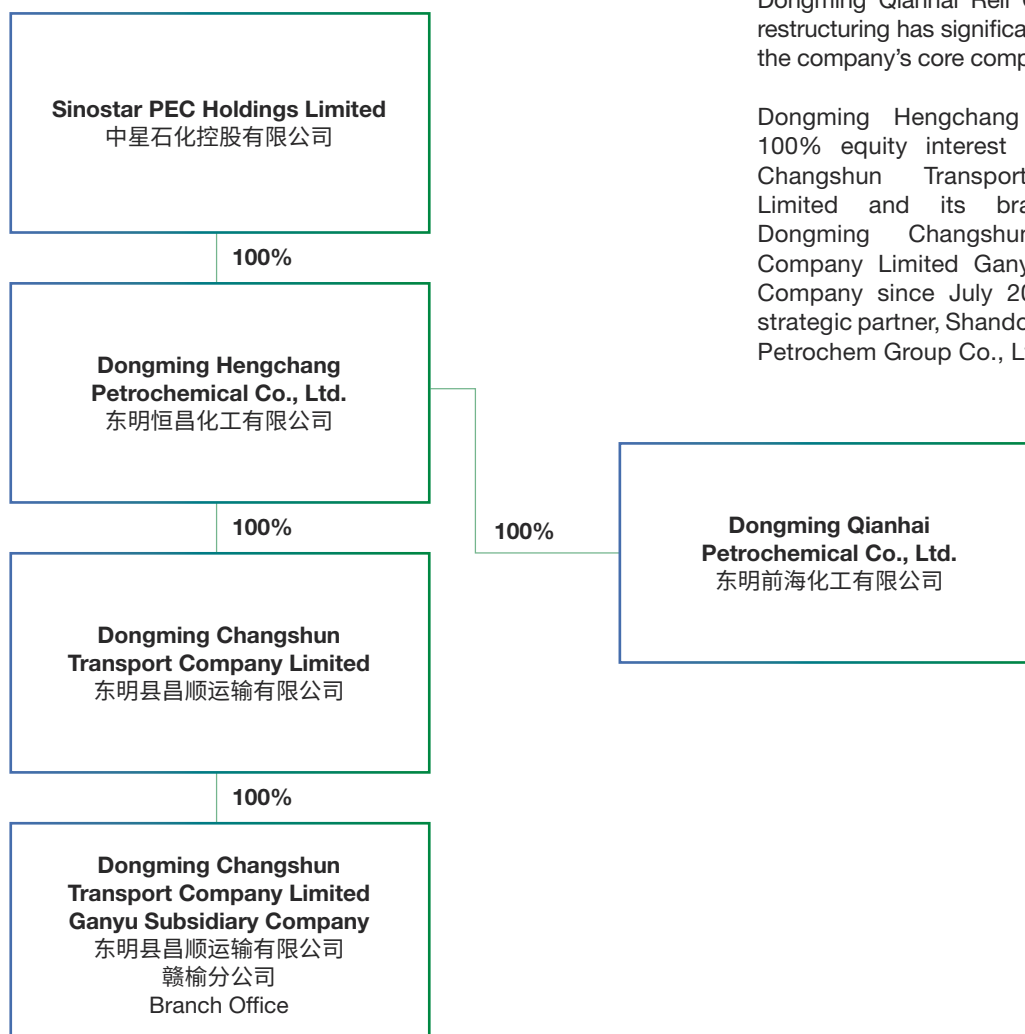
## OUR CORPORATE STRUCTURE

Our Group comprises Sinostar PEC Holdings Limited and our PRC 100% wholly-owned subsidiary, Dongming Hengchang Petrochemical Co., Ltd. (“**Dongming Hengchang**”) which runs gasfractionation production plants with an annual production capacity of 450,000 tonnes in the Dongming county. The Group has also completed the construction of a new polypropylene processing plant in 1Q of FY2021, which increases our annual production capacity of polypropylene by 5 times to 250,000 tonnes within the Dongming county. This device introduces the latest generation of ring-tube method chemical process technology from

LyondellBasell, and uses high-efficiency and environmentally friendly catalysts. The device has low energy consumption and can produce 168 kinds of high-end polypropylene products with a full range of multi-purpose applications, which are used to produce raw materials for aerospace, medical devices, automobile parts, home appliances, food packaging, etc. At present, the company has developed and produced 39 kinds of high-end polypropylene products, of which five grades, HP565S\M900\M700B\HP648T-M\EP200R, have filled the domestic gap.

We completed our acquisition of a 70% stake in Dongming Qianhai Petrochemical Co., Ltd. (“**Dongming Qianhai**”) in late 2018, doubling our Propylene annual production capacity to 180,000 tonnes and extending our production lines to include Methyl tert-butyl ether (“**MTBE**”), Propylene, Hydrogen and Isobutylene. At the end of 2024, we acquired the remaining 30% equity stake in Dongming Qianhai from Shandong Dongming Petrochem Group Co., Ltd. Consequently, Dongming Qianhai is now a wholly-owned subsidiary of our Group. Concurrently, to further focus on our core high-end chemical business, we divested 18% of our shares in Dongming Qianhai Reli Co., Ltd. This restructuring has significantly enhanced the company's core competitiveness.

Dongming Hengchang acquired a 100% equity interest in Dongming Changshun Transport Company Limited and its branch offices Dongming Changshun Transport Company Limited Ganyu Subsidiary Company since July 2015 from our strategic partner, Shandong Dongming Petrochem Group Co., Ltd.





# CHAIRMAN'S STATEMENT



## DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the 2024 Annual Report. I would like to express my sincere gratitude to all shareholders, customers, cooperative partners, and all sectors of society for their long-standing care and support for Sinostar PEC Holdings Limited.

Looking back at 2024, the company faced multiple challenges, including persistently high raw material prices, insufficient growth momentum in end-market consumption, intense market competition, and declining industry profit margins. These factors combined to create significant operational pressure. Under the strong leadership of the Board of Directors, the management team actively responded by implementing effective measures. Internally, we focused on cost-saving and efficiency improvements, achieving cost reduction and profit enhancement. Externally, we expanded market outreach, strengthened brand promotion, broadened sales channels, and worked to increase market share.

Through these efforts, the company delivered excellent operational performance in 2024, demonstrating robust market competitiveness and risk resilience.

## KEY OPERATIONAL METRICS

In 2024, including intercompany transactions, the Group sold a total of 1.09 million tonnes of chemical products, achieving 100.19% of the annual budget and representing a 7.93% increase compared to 2023. The company generated sales revenue of RMB5.46 billion, a 2.3% year-on-year increase, with a net profit of RMB231.67 million.

## ENVIRONMENTAL, SAFETY, AND QUALITY MANAGEMENT

We actively organized environmental and safety emergency drills, on-the-job training, and skill development activities to enhance employees' environmental awareness, safety consciousness, and emergency response capabilities. We ensured the normal operation of all environmental and safety facilities. The company maintained a 100% product

qualification rate throughout the year, with no customer complaints regarding quality. In the national green factory selection, Dongming Hengchang Petrochemical Co., Ltd. ("**Dongming Hengchang**") was recognized as a provincial-level green factory by the Shandong Provincial Department of Industry and Information Technology, while Dongming Qianhai Petrochemical Co., Ltd. ("**Dongming Qianhai**") was recognized as a national-level green factory by the Ministry of Industry and Information Technology.

## CONTINUED IN-DEPTH OPTIMIZATION OF FULL VALUE CHAIN MANAGEMENT AND TEAM QC INITIATIVES

Throughout the year, we completed over 20 research projects, applying the findings to production management. This significantly improved equipment operational efficiency and energy-saving outcomes. In 2024, the average processing cost per ton at Dongming Hengchang and Dongming Qianhai decreased by 12.42% and 9.25%, respectively, compared to 2023.

## ***“Value-Driven Connectivity, Prosperity Within Reach, Achieving Green and Sustainable High-Quality Development”***

**LI XIANGPING**

*Executive Chairman and CEO*

### **INCREASED R&D INVESTMENT AND DIGITAL TRANSFORMATION**

New product development and digital transformation progressed steadily. In 2024, the company's total R&D saw an increase of RMB10.91 million compared to 2023. We successfully developed high-modulus, high-end polypropylene products HC810 and HC830, which have entered the new energy vehicle material market. The company's ongoing research on propylene-butene copolymer and ternary copolymer products has entered the trial production phase. In terms of digital transformation, we actively introduced and implemented cutting-edge technologies such as PID tuning systems, APC advanced process control systems, and RTO real-time optimization systems. Through these technologies, the digital automation rate of major production facilities at Dongming Hengchang and Dongming Qianhai has exceeded 98%, effectively improving resource utilization efficiency, reducing pollutant emissions, and achieving both economic and environmental benefits.

### **WIN-WIN COOPERATION: STRENGTHENING THE CORPORATE VALUE ECOSYSTEM**

Adhering to the corporate development mission of “Connecting through Value, Making Happiness Accessible,” the company continuously improved product quality and services, building a mutually beneficial ecosystem with customers, suppliers, and partners. We hosted the first Supplier Conference and participated in major exhibitions such as the Shanghai International Plastics and Rubber Exhibition and the China International Chemical Industry Exhibition. The high-end polypropylene products showcased at these events received unanimous praise from customers. In response to customer and market demands, Dongming Hengchang optimized processes and innovated packaging concepts, introducing an environmentally friendly transportation model of “shared pallets + film wrapping.” This not only reduced logistics costs for customers but also improved loading and unloading efficiency, enhancing customer loyalty and market competitiveness.

### **LOOKING AHEAD, WE MOVE FORWARD WITH CONFIDENCE**

As we look towards 2025, we acknowledge the continued complexity and volatility of the external landscape. The Group will maintain its commitment to stable operations and progressive development, emphasizing lean management and value generation. Grounded in our founding vision and dedicated to our mission of “Connecting through Value, Making Happiness Accessible”, we will foster strong collaborative partnerships with our stakeholders to ensure shared success. We extend our sincere wishes for your continued good health, professional success, and every prosperity in your future endeavours.

**LI XIANGPING**

*Executive Chairman and CEO*

# 致股东们的一封信

## “以价值链接，让幸福可及，努力实现绿色、可持续高质量发展”

### 尊敬的各位股东：

我谨代表集团董事会，向各位呈报2024年年度报告。并向各位股东、客户、合作伙伴、社会各界人士长期以来对中星石化的关心和支持表示诚挚的谢意。

回顾2024年，公司面临原材料价格持续高位运行，终端市场消费增长动能不足，市场竞争激烈，行业毛利率下行等诸多因素相互叠加，给公司带来了一定的经营压力。公司管理层在董事会的坚强领导下，积极应对，采取有效措施。对内，我们注重节约挖潜，实现了降本增效。对外，我们积极扩大市场营销，加强品牌推广，拓宽销售渠道，努力开源提升市场份额。通过这些努力，2024年公司依然取得了较好的经营业绩，展现了强大的市场竞争力和抗风险能力。

### 主要经营指标

2024年包括公司间交易，本集团销售各种化工产品109.89万吨，完成年度预算的100.19%，较2023年增长7.93%。实现销售收入54.58亿元，较2023年增长2.3%，实现净利润2.31亿元。

### 环保、安全、质量等专业管理扎实有效

积极组织开展环保、安全事故应急演练、岗位练兵、技能培训等活动，增强员工环保、安全意识和事故应急处理能力，维护并确保各类环保、安全设施运行正常。

公司全年产品出厂合格率保持100%，没有收到任何客户质量投诉。在全国绿色工厂评选活动中，东明恒昌化工被山东省工业和信息化厅认定为省级绿色工厂，东明前海化工被国家工信部认定为国家级绿色工厂。

### 继续深入开展全价值链优化管理及班组QC课题活动

全年累计完成课题攻关20余项，并将研究成果运用生产管理中，设备运营效率及节能降耗效果明显，2024年恒昌化工、前海化工平均吨加工成本较2023年分别降低12.42%和9.25%。

### 持续加大研发投入及数智化变革

新产品开发及数智化建设稳步推进，2024年公司研发支比2023年增加1,091万元，成功开发出高模量高端聚丙烯产品HC810、HC830，该产品已成功进入新能源汽车专用料市场。公司在研的丙丁共聚和三元共聚产品已进入试生产阶段。在数智化建设方面，积极引进并实施PID 整定技术系统、APC 先进过程控制系统和 RTO 实时优化系统等前沿创新技术，通过这些技术的应用，东明恒昌化工、东明前海化工主要生产装置数智化自控率已达98%以上。有效提升了资源利用效率，降低了污染物排放，实现了经济效益与环境效益的双丰收。

### 合作共赢，筑牢企业价值生态链

2024年，公司秉承“以价值连接，让幸福可及”的企业发展使命，不断提高产品质量与服务，与客户、供应商、合作伙伴共建共赢生态链。公司举办了首届供应商大会，相继参加了上海国际橡塑展、中国国际化工展等大型产品展销会，公司所参展的高端聚丙烯产品，得到客户的一致好评。为响应客户及市场需求，东明恒昌化工通过优化流程，创新包装理念，实现了“共享托盘+覆膜包装”的环保运输新模式，即为客户节约了物流成本，又提高了装卸效率，增强了客户粘性及市场竞争力。

### 展望未来，我们信心坚定

展望2025年，外部环境依然会复杂多变，本集团将继续秉持稳健经营、稳中求进经营理念，以精益管理为抓手，以实现价值创造为核心，努力践行“以价值链接，让幸福可及”的企业发展使命。牢记初心，久久为功，一如既往的与公司股东、员工、供应商、客户、合作伙伴携手共创、共生、共荣，继续书写企业发展新篇章。

### 执行主席兼CEO：李湘平





## STRATEGIC AFFILIATION AND PROCESS



Our strategic affiliation with Shandong Dongming Petrochem Group Co., Ltd. ("**Dongming Petrochem**") began in 2006 when we acquired Dongming Hengchang, where Dongming Petrochem was one of the founding shareholders. Dongming Hengchang was originally set up in 2000 as a joint venture between Dongming Petrochem and its key management staff, in line with the PRC's broad policy of reforming its state-owned enterprise ("**SOE**"), in particular, for the non-strategic downstream petrochemical activities. It was based on the premise of exclusive supply contracts with some of the companies within Dongming Petrochem Group to secure a stable provision of its major material – raw LPG.

Since incorporation, Dongming Hengchang was able to introduce into an exclusive agreement with Dongming Petrochem Group and one of its associated societies to be supplied of all their raw LPG to Dongming Hengchang exclusively for a period of 20 years from 2006. This ensures consistent supply of raw LPG from various channels for Dongming Hengchang.

On 31 May 2016, Dongming Hengchang re-negotiated and entered into the 2016 Exclusive Supply Agreement with Dongming Zhongyou Fuel and Petrochemical Company Limited (a wholly-owned subsidiary of Dongming Petrochem Group), for a term of 20 years from 2016. The 2016 Exclusive Supply Agreement

supersedes the 2006 Exclusive Supply Agreement entered on 26 April 2006. We have gained largely from Dongming Hengchang's history and affiliation with Dongming Petrochem Group. Dongming Petrochem Group, established in 1997, has since grown to become China's largest independent oil refiner with primary oil processing capacity of 15 million tonnes per year. For Sinostar, through the strategic relationship with Dongming Petrochem Group, we are assured to receive a secure and stable supply of raw LPG which creates a solid foundation for us to continue ramping up on our existing market leadership position. The affiliation also ensures that the raw LPG we supply is of consistent quality and provide us with a competitive edge over our competitors.

# PRODUCTION PROCESS



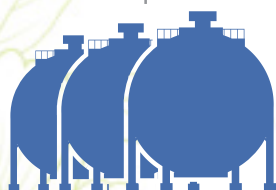
RAW LPG

## STEP-1

FRACTIONATION  
OF RAW LPG TO  
EXTRACT PROPYLENE

ANNUAL CAPACITY:  
**450,000 TONNES**

ANNUAL CAPACITY:  
**180,000 TONNES**



PROCESSED LPG



TRANSPORT TO LPG  
DISTRIBUTORS/ INDUSTRIAL  
MANUFACTURERS AS  
SOURCE OF FUEL



PROPYLENE



SOLD TO  
PETROCHEMICAL  
PRODUCERS TO  
PRODUCE  
CHEMICAL  
INTERMEDIATES

## STEP-2

FURTHER PROCESSED  
INTO POLYPROPYLENE



SOLD TO PLASTIC  
MANUFACTURERS TO  
PRODUCE PLASTIC  
AND PLASTIC  
RELATED PRODUCTS

ANNUAL CAPACITY:  
**250,000 TONNES**





## OUR BUSINESS SEGMENTS



### PRIORITISING QUALITY

We have achieved certification under four major international standards for quality, environmental, occupational health and safety, and energy management: GB/T19001-2016/ISO 9001:2015, GB/T24001-2016/ISO 14001:2015, GB/T45001-2020/ISO 45001:2018, and GB/T23331-2020/ISO 50001:2018. This demonstrates our commitment to excellence in these critical areas.

### HENGCHANG: OUR FLAGSHIP BRAND

Supported by a solid reputation and a credible track record for our commitment towards offering quality merchandise and services, our Hengchang brand of polypropylene was named “Shandong Province Famous Trade Mark” and “Shandong Top Brand” in China.

Enlisted in the fractionation of raw LPG to produce downstream petrochemicals, namely propylene, polypropylene, processed LPG, purified isobutylene and MTBE, our products cater to a wide range of industrial application and are sold mainly to manufacturers of petrochemicals, plastic products and LPG distributors.

We have an annual capacity to process 450,000 tonnes of raw LPG and are able to further process part of our generated propylene into 250,000 tonnes of polypropylene annually.

We have 98 vehicles in our fleet of scaling up the acquired transportation business.



# KEY PRODUCT AND SERVICES

## Processed Liquefied Petroleum Gas (LPG)

Processed LPG is used as a source of fuel by households and industrial manufacturers. Primarily sold as household fuel through LPG distributors. A small portion is also sold to industrial manufacturers that use LPG as a source of fuel for their own production.

## Propylene

An organic compound extracted from raw LPG sold to other petrochemical producers to produce chemical intermediates such as polypropylene, polyvinyl chloride (PVC).

## Polypropylene

A major derivative of propylene – a thermoplastic polymer which is resistant to chemicals and heat.

Mainly sold to plastic manufacturers to produce plastic products for diverse industrial applications (i.e. Flexible packaging, rigid packaging, automotive aerospace, medical equipment, home appliance parts and other consumer goods).

## Purified Isobutylene

A colourless gas that can form explosive mixtures with air. It is also an important chemical raw material that is used for preparation of butyl rubber, antioxidants, tertiary butylphenol etc.

## Methyl Tert-butyl Ether (MTBE)

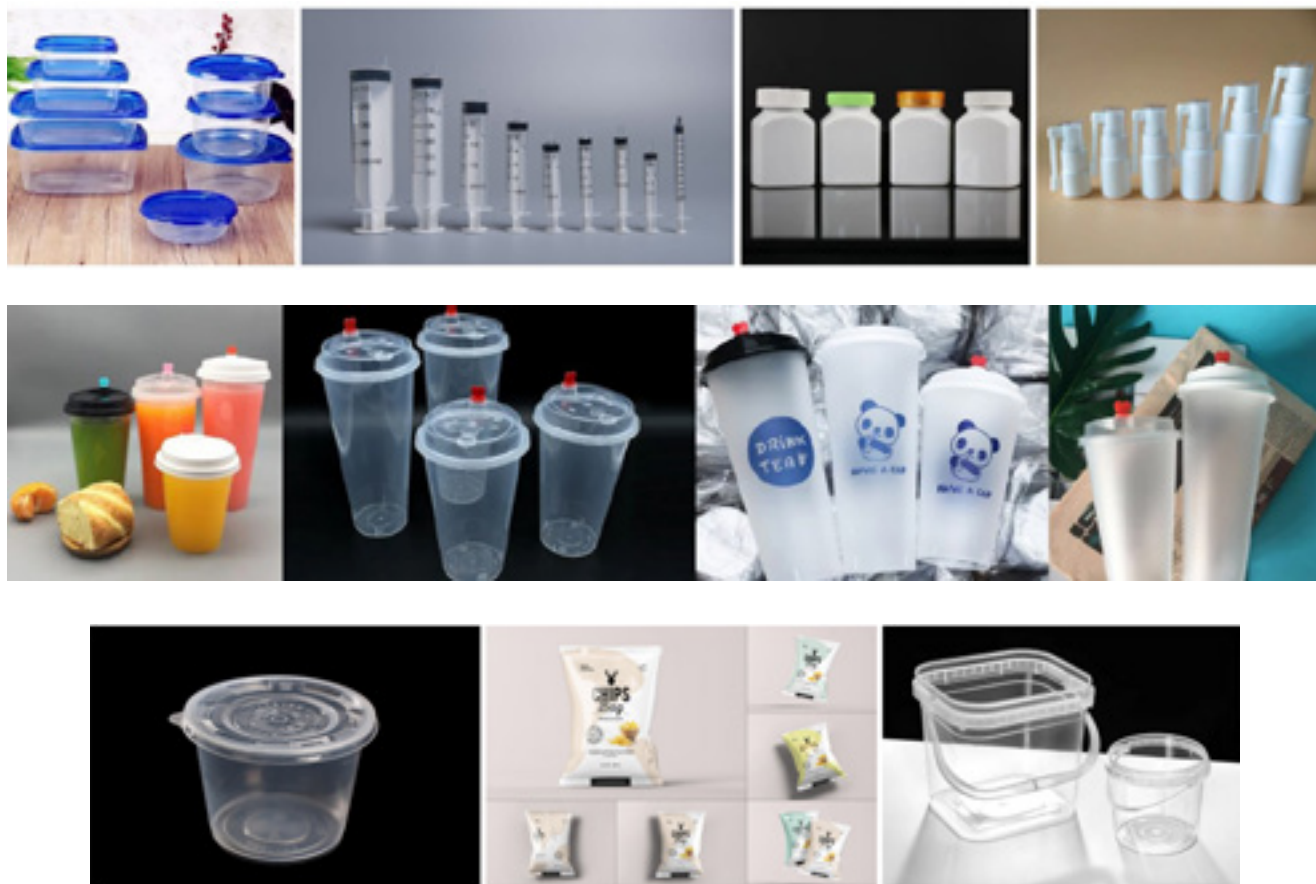
A highly flammable liquid that forms explosive mixtures with air. It is widely used as the oxygenated additive to improve the characteristics of petrol.

## Hydrogen

About 55% of hydrogen produced around the world is for ammonia synthesis, 25% in refineries, 10% for methanol productions and 10% for other applications. It can be used in various industrial applications including metal alloying, flat glass production, protective and carrier gas, cleaning in the electronics industry, and applications in the electricity generation.

## Transportation and Logistics

A transportation and logistics company with a total of 98 vehicles, mainly in the principal business of delivering liquefied petroleum gas and petrochemical related products to its end consumers and reduce our reliance on third party service providers.



# KEY PRODUCT AND SERVICES

Some of premier graded polypropylene that produce from the newly built polypropylene installation.



<b>Grade:</b>	EP200K
<b>Application Type:</b>	Injection
<b>Melt Index:</b>	3-4g/10min
<b>Ambient Shock:</b>	>30KJ/m2
<b>Bending Modulus:</b>	>700MPa
<b>Application:</b>	Improved impact resistance and rigidity. High impact material: Household items, toys, outdoor furniture.



<b>Grade:</b>	LA640T
<b>Application Type:</b>	Injection
<b>Melt Index:</b>	60-70g/10min
<b>Ambient Temperature Shock:</b>	>4KJ/m2
<b>Bending Modulus:</b>	>1200MPa
<b>Application:</b>	High crystallinity impact products for automotive, home appliances, and modification Good processability, low VOC.



<b>Grade:</b>	RP340N
<b>Application Type:</b>	Injection
<b>Melt Index:</b>	9-14g/10min
<b>Ambient Shock:</b>	>4KJ/m2
<b>Bending Modulus:</b>	<12%
<b>Application:</b>	Excellent transparency and gloss performance, good antistatic properties, storage containers, household goods.



<b>Grade:</b>	HP500N
<b>Application Type:</b>	Injection
<b>Melt Index:</b>	10-16g/10min
<b>Tensile Stress:</b>	30-33MPa
<b>Bending Modulus:</b>	1200-1300MPa
<b>Application:</b>	Medium to High Fluidity Grades to Reduce Operating Cycles, Life "Consumer Goods, Food Containers, Flower Pots."



<b>Grade:</b>	RP344R
<b>Application Type:</b>	Injection
<b>Melt Index:</b>	25-30g/10min
<b>Ambient Shock:</b>	>4KJ/m2
<b>Bending Modulus:</b>	<12%
<b>Application:</b>	Excellent Transparency, Gloss Performance, Ice Cream, and Dessert Bowls, Transparent Syringes, Medical Devices.



<b>Product:</b>	Polypropylene
<b>Type:</b>	HCRP340R
<b>Application:</b>	Excellent transparency, good glossiness, used in household containers, cosmetics and drug packaging, medical device tubes and small bottles and other injection products



<b>Product:</b>	Polypropylene
<b>Type:</b>	HCHP565S
<b>Application:</b>	Very narrow molecular weight distribution, high-end special materials used in aviation clothing, medical and health supplies, carpets



<b>Product:</b>	Polypropylene
<b>Type:</b>	M700B
<b>Application:</b>	Better transparency and toughness, mainly used in frosted milk tea cups



<b>Product:</b>	Polypropylene
<b>Type:</b>	M900
<b>Application:</b>	Fast-consuming copolyester applied to thin-wall injection molding and food packaging

# OPERATIONS REVIEW

## Processed LPG

Sale of processed LPG has decreased by 4.88% from RMB1,645.18 million in FY2023 to RMB1,564.97 million in FY2024, included the inter-company transactions. A total of 321,529 tonnes were produced and sold during the periods, an increase of 0.70% as compared to FY2023. Both average selling prices ("ASP") and average cost of production ("ACP") during the period have decreased by 5.06% and 4.74% respectively as compared to FY2023.

## Propylene

Sale of propylene has increased by 19.35% from RMB486.40 million in FY2023 to RMB580.54 million in FY2024, included the inter-company transactions. Total sales volume has increased 21.86% from 81,542 tonnes in FY2023 to 99,363 tonnes in FY2024. ASP has decreased by 1.51% whereas ACP has increased by 13.37% in FY2024 as compared to FY2023.

## Polypropylene

Sale of polypropylene has increased by 50.91% from RMB165.28 million in FY2023 to RMB249.41 million in FY2024, including inter-company transactions. The total sales volume has also increased by 48.36% from 26,160 tonnes in FY2023 to 38,809 tonnes in FY2024. ASP has increased by 1.72% and ACP has also increased by 0.21% in FY2024, as compared to FY2023.

## Premium grade polypropylene

Premium grade polypropylene sale has decreased by 6.93% from RMB1,572.51 million in FY2023 to RMB1,463.93 million in FY2024, included the inter-company transactions. Total sales volume has also decreased by 7.89% from 233,202 tonnes in FY2023 to 214,803 tonnes in FY2024. ASP has increased by 1.04% whereas ACP has decreased by 2.21% in FY2024 as compared to FY2023.

## Isobutylene

Sale of isobutylene has increased 3.26% from RMB164.54 million in FY2023 to RMB169.90 million in FY2024 as total sales volume has increased by 15.98% to 19,151 tonnes in FY2024 as compared with 16,512 tonnes in FY2023. ASP and ACP have both decreased by 10.97% and 14.53% respectively in FY2024 as compared to FY2023.

## MTBE

Sale of MTBE has increased by 3.42% from RMB2,049.46 million in FY2023 to

RMB2,119.46 million in FY2024. Total sales volume has increased 18.67% from 322,338 tonnes in FY2023 to 382,529 tonnes in FY2024. Both ASP and ACP during FY2024 have decreased by 12.86% and 10.56% respectively as compared to FY2023.

## Hydrogen

In FY2024, hydrogen sales volume has increased by 23.77% to 16,792 tonnes as compared to 13,567 tonnes in FY2023. Revenue has an increase of 23.59% from RMB199.31 million in FY2023 to RMB246.32 million in FY2024, included the inter-company transactions. ASP has decreased by 0.15% and ACP has increased by 10.39% in FY2024 as compared to FY2023.

## Other Gases

The sale of other gases has decreased by 2.38% from RMB31.68 million in FY2023 to RMB30.92 million in FY2024, even though total sales volume has increased 7.05% from 5,550 tonnes in FY2023 to 5,942 tonnes in FY2024. ASP has decreased by 8.81% and ACP have increased by 5.48% in FY2024.

## Utilities

Sales revenue for utilities in FY2024 amounts to RMB141.55 million, included the inter-company transactions.

## Logistics & transport related service

Revenue from this business has decreased 8.45% from RMB372.82 million in FY2023 to RMB341.29 million in FY2024, included the inter-company transactions.

## Gross profit

Despite an increase in both sales volume and sales revenue for the company's products in FY2024 compared to FY2023, the gross profit for FY2024 was RMB380.76 million, a decrease of 4.83% from RMB400.06 million in FY2023. The primary reason for this decline is the decrease in the overall gross profit margin of the company's main products compared to the same period last year, due to insufficient market demand and market competition factor.

## Other income

A total of RMB9.97 million has been received inclusive of RMB8.25 million of bank interest earned on short-term deposits placed with financial institution and other miscellaneous income of RMB1.72 million in FY2024. The miscellaneous income includes RMB1.29 million received from government grants.

As compared to FY2023, there was a significant decrease due to the receipt of non-recurring income of RMB38.86 million dividend from Dongming Qianhai Reli Co., Ltd. and RMB54.78 million from the disposal of waste catalysts in the third quarter of 2023.

## Administrative costs

Administrative expenses rose from RMB36.68 million in FY2023 to RMB49.45 million in FY2024. This increase is primarily attributable to the company's strategic initiatives in full-value chain optimization management and new product development, which consequently drove higher research and development (R&D) expenditures. Research and development costs has increased by RMB10.91 million in FY2024 compared to FY2023.

## Distribution costs

Distribution costs have increased from RMB6.23 million in FY2023 to RMB10.48 million in FY2024. This was mainly due to increase in providing of door-to-door transportation services to meet some customers' demand in since the start of 3Q23, causing an increase in transportation costs in the sales process.

## Finance costs

The finance costs have decreased from RMB34.72 million in FY2023 to RMB21.57 million in FY2024 as the amount of borrowings have decreased.

## Taxation

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

## Net Profit

The Group made a net profit of RMB231.67 million in FY2024 as compared to RMB313.17 million in FY2023. The decrease in net profit was primarily due to a decline in the gross profit margin on product sales compared to the same period last year, as well as a decrease in other miscellaneous non-operating income. As compared to FY2023, there was a significant decrease due to the receipt of non-recurring income of RMB38.86 million dividend from Dongming Qianhai Reli Co., Ltd. and RMB54.78 million from the disposal of waste catalysts in the third quarter of 2023.





## MR LI XIANGPING

*Executive Chairman and CEO*

Mr Li Xiangping started his career as an accountant at Dongming County Medicine Company in 1983. He joined the Dongming County Audit Bureau as their deputy bureau officer in 1986 where he managed internal discipline issues. In 1993, he joined Dongming County Petroleum Refining Factory as the finance manager. Mr Li subsequently became the Chief Accountant of Dongming County Petroleum Refining Factory and was overall in charge of the financial management of the factory.

In 1998, Mr Li was appointed as the Director and Chief Auditor of Shandong Dongming Petrochem Group Co., Ltd. (“Dongming Petrochem”) and handled the daily operations of the business as well as the accounting functions of the company. In 2001, Mr Li was appointed Chairman of Dongming Petrochem Group and has since been responsible for the overall development and operations of the business. Mr Li is a representative of the 11th, 12th, 13th and 14th National People’s Congress and the vice president of the National Private Chamber of Commerce.

Mr Li is also a Deputy Chairman of the Dongming County Chinese People’s Political Consultative Conference. Mr Li received a senior auditor qualification from the Shandong Province Audit Profession Advance Accreditation Committee in December 1998 and a senior accounting qualification from the Shandong Province Accounting Profession Advance Accreditation Committee in December 1999.

Mr Li got a Bachelor’s degree in Financial Accounting from the University of Shandong Officials in 1999 and has completed a Business Administration Graduate programme offered by the Shandong University in December 2004. Mr Li was appointed as the Chairman of the Association of Oil & Petrochemical Refinery in the Shandong province (山东省炼油化工协会) since 2015 and appointed as the Vice President of China Petroleum and Chemical Industry Federation (中国石油和化学工业联合会) since 2017. During 2018, Mr Li was appointed as the Chairman of Shandong Refining and Energy Group Co., Ltd. (山东炼化能源集团有限公司), an entity in which Shandong Dongming Petrochemical Group has an influential, controlling stake. He was also appointed as the Vice Chairman of the 12th All-China Federation of Industry and Commerce (十二届全国工商联).

In 2019, Mr Li was accoladed the award of “100 Outstanding Private Entrepreneurs in 40 Years of Reform” (改革开放40年百名杰出民营企业家). He also won the commemorative medal for celebrating the 70th anniversary of the founding of the People’s Republic of China, issued by the CPC Central Committee, the State Council and the Central Military Commission.

In 2021, Mr Li was awarded the Meritorious Entrepreneur Award for Year 2020 in China, Shandong. In 2021, Mr Li was awarded the Meritorious Entrepreneur Award for Year 2020 in China, Shandong. In December 2022, Mr Li was elected Vice President of the China General Chamber of Commerce (中国民间商会副会长).

# BOARD OF DIRECTORS



## MR YAN TAILING

*Executive Director, Deputy CEO and CFO*

Mr Yan was appointed the Deputy CEO of the Group on 18 February 2021, where he will assist the board for the overall management and operations of the Group.

Prior to his appointment, Mr Yan had worked in affiliated entity Shandong Dongming Petrochemical Group as the Finance Director and Deputy General Manager of the treasury department from 2010 to 2015. He was also the Director and Deputy General Manager of another affiliated entity owned by Shandong Dongming Petrochemical Group, Hong Kong Hengfeng Oil Trade Co. from 2016 to 2018. In Mar 2018, Mr Yan held the position of CFO and Board secretary at Shandong Dongming Yinglun Petrochemical Co. Ltd., a JV entity coowned by the Shandong Dongming Petrochemical Group.

Mr Yan graduated from the Engineering Economy and Finance, Shandong Water Conservancy college.



## MR LI ZHI

*Non-Executive Director*

Mr Li Zhi was appointed as the non-executive director of Sinostar PEC Holdings Limited on 29 April 2019. Mr Li concurrently serves as the Director and Chief Executive Officer of its strategic affiliation - Shandong Dongming Petrochem Group ("Dongming Petrochem"), the General Manager of overseas operations, and the Director and General Manager of Pacific Commerce Holdings Pte. Ltd. Prior to joining Dongming Petrochem in April 2017, he was responsible for the roles of Business Executive and Business Manager in PetroChina International Co., Ltd. (China National United Oil Corporation) from July 2007 to April 2017. From October 2009 to October 2015, he was appointed as the Finance Minister of PetroChina International (Japan) Co., Ltd. and the Supervisor of the Osaka International Refining Co., Ltd in Japan.

Mr Li attained a Master's degree in Business Administration at Guanghua School of Management, Peking University from September 2015 to July 2017.

From July 2003 to July 2007, Mr Li studied at the School of Economics and Management of Beijing Jiaotong University and obtained a Bachelor's degree in Information Management and Information Systems.

In 2021, Mr Li was awarded the award of industry leader for 2020 in China, Shandong and Mr Li elected as a deputy to the Shandong Provincial People's Congress in 2023.

## BOARD OF DIRECTORS

### DR CHEN SEOW PHUN, JOHN

*Lead Independent Non-Executive Director*



Dr Chen was a Member of Parliament from 1988 to 2006 and served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State for Communications from 1997 to 1999. From 1999 to 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Dr Chen has been a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd. respectively. He taught at the National University of Singapore from 1983 to 1991. Dr Chen is presently the Chairman Emeritus of Pavillon Holdings Ltd. He is also the Chairman of SAC Capital Private Limited.

Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada.

### MR JIANG XINGLU

*Independent Non-Executive Director*



Mr Jiang served as deputy director and senior partner of Shandong Qindao law firm from 1994 to 2008. From 2008 to 2010, he joined Grandall law firm as a partner and then worked as a partner in King & Wood Mallesons Beijing company until 2015. Since January 2015, Mr Jiang is the general manager of Shandong Blue Economic Industry Fund Management Co., Ltd. and executive partner of Qingdao Yulink fund management center (limited partnership). He also serves as an independent director of a number of listed companies in China.

Mr Jiang graduated from Shandong University in 1994 and obtained the qualification of a lawyer. He is also the winner of “The Financial High-end talents of Shandong Province” and obtains the honorary title of “the May 1st Labor Medal of the financial system” in Shandong Province.



## BOARD OF DIRECTORS



### MR LIU XIAOYAN

*Independent Non-Executive Director*

Mr Liu spent his early career working in the Chinese government. When he migrated to Singapore, Mr Liu started to work in the capital market, focusing on investment banking and private equities. As an experienced professional, he has worked with several public-listing and M&A projects and has gathered abundant network resources across China, Singapore, and the emerging Southeast Asian markets. He is also the head of the Nankai Alumni Association of Singapore.

Mr Liu was the managing director at Asia Petroleum Technology from 2011 to 2016 and has held executive positions at Zana Capital and Haitong International Securities between 2016 and 2018. He was also a consultant at Morgan Stanley Bank of Asia from 2019 to 2021. Currently, Mr Liu is the General Manager of Lance Capital Pte Ltd. and the lead independent director of Zhongxin Fruit and Juice Limited.

Mr Liu graduated from Nankai University with a bachelor's degree and furthered his study in the School of Economics at Peking University. Mr Liu also practised as a research analyst at Nankai Bohai Research Institute of Finance under the School of Economics at Nankai University.



## LI DAN

*General Manager (Dongming Changshun Transport Company Limited)*

From 2011 till 2016, Mr Li served as a business executive at Shandong Dongming Petrochemical Group Sales Company, and from 2013 to 2017, he started working at Dongming Oil Distribution as a deputy and department head. He was appointed as deputy chief economist in January 2017. Mr Li was promoted to Deputy General Manager in March 2019.

Mr Li received a diploma from Shandong Heze Normal College.



## HUANG QIANSHENG

*General Manager (Dongming Qianhai Petrochemical Co., Ltd.)*

Mr Huang Qiansheng is the General Manager of Dongming Qianhai Petrochemical Co., Ltd, and he is managing the day-to-day operations of the company. Mr Huang has a degree in Machinery Manufacturing Processes and Equipment from Xi'an Jiaotong University.

Mr Huang operated as a workshop supervisor for the Atmospheric and Decompression workshop from January 2011 to May 2013. He was the deputy supervisor of the production scheduling division from May 2013 until July 2015. He served as the Deputy Chief Engineer of Dongming Zhongyou Fuel and Petrochemical Company Limited from July 2015 until November 2016. He was named deputy general manager of Dongming Qianhai Petrochemical Co., Ltd. in November 2016.



## LI TAO

*General Manager (Dongming Hengchang Petrochemical Co., Ltd.)*

Mr Li Tao oversees the general operations of Dongming Hengchang Petrochemical Co., Ltd. and is the Group's General Manager. Mr Li joined Dongming Zhongyou Fuel and Petrochemical Company Limited after graduating with a Bachelor's degree in Environmental Engineering in 2005, taking on various roles within the Group in production technology, manufacturing, procurement and many more.

# FINANCIAL HIGHLIGHTS

(IN RMB'000)	2019	2020	2021	2022	2023	2024
<b>REVENUE &amp; PROFITABILITY</b>						
Revenue	3,660,048	3,182,338	4,716,209	4,848,203	5,333,091	5,457,923
Gross profit	270,338	285,878	478,691	196,976	400,063	380,759
Net profit	138,014	184,574	307,318	79,064	313,170	231,668
Net profit to equity holders of the Company	113,692	158,552	237,423	39,442	217,610	170,069
Interest coverage ratio	4.59	7.56	9.43	3.68	13.07	15.34
<b>FINANCIAL STRENGTH</b>						
Cash and cash equivalents	66,247	352,035	702,615	521,064	562,886	407,377
Bank borrowings	(156,250)	(531,250)	(480,000)	(420,000)	(360,000)	(300,000)
Loans from non-controlling interest*	(850,000)	(705,000)	(625,000)	(450,000)	(250,000)	-
Loans from a related party**	-	-	-	-	-	(50,000)
Net debt/equity	94.9%	72.2%	26.5%	22.7%	2.77%	(4.35%)
Current assets	351,944	548,306	1,032,236	804,344	915,603	704,604
Current liabilities	(1,098,298)	(321,727)^	(570,667)	(421,080)	(471,413)	(579,114)
(Net current liabilities)/net current assets	(746,354)	226,579	461,569	383,264	444,190	125,490
Shareholders' equity	833,603	1,026,672	1,248,586	1,243,794	1,465,591	1,320,328
<b>CASH FLOW</b>						
Net cash provided by operating activities	205,900	353,844	581,264	154,397	463,546	404,637
Net cash (used in)/provided by investing activities	(223,351)	(259,292)	(34,425)	(34,397)	32,342	(261,345)
Net cash (used in)/provided by financing activities	(342,517)	191,236	(196,259)	(301,551)	(497,280)	(139,796)
<b>SHAREHOLDERS' WEALTH</b>						
Number of shares on issue ('000)	640,000	640,000	640,000	640,000	640,000	640,000
Basic earnings per share (RMB cents)	17.76	24.77	37.10	6.16	34.00	26.57
Net asset value per share (RMB cents)	154.81	191.35	236.95	240.66	265.70	206.30
Net cash value per share (RMB cents)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dividend yield	Nil	3.3%	2.0%	Nil	3.67%	Nil
<b>TOTAL MARKET CAPITALISATION (IN S\$)</b>						
	\$120,320	\$96,000	\$188,800	\$115,200	\$87,040	\$80,640
<b>MARKET PRICE (IN S\$)</b>						
High	\$0.220	\$0.191	\$0.490	\$0.299	\$0.205	\$0.174
Low	\$0.145	\$0.135	\$0.147	\$0.166	\$0.075	\$0.105
Closing	\$0.188	\$0.150	\$0.295	\$0.180	\$0.136	\$0.126

\* Arising from the acquisition of Dongming Qianhai Petrochemical Co., Ltd., loans were for working capital use and from strategic affiliation, Shandong Dongming Petrochem Group Co., Ltd.

\*\* Unsecured loan from related company, Shandong Dongming Petrochem Group Co., Ltd. (山东东明石化集团有限公司). On 30 December 2024, The Group has acquired the remaining 30% stake in Dongming Qianhai Petrochemical Co., Ltd., from Shandong Dongming Petrochem Group Co., Ltd, and thereby the loan from non-controlling interest was recognised as loans from a related party.



## BOARD OF DIRECTORS

### Li Xiangping

*Executive Chairman and  
Chief Executive Officer*

### Yan Tailing

*Executive Director and  
Deputy Chief Executive Officer  
and Chief Financial Officer*

### Li Zhi

*Non-Executive Director*

### Dr Chen Seow Phun, John

*Lead Independent Non-Executive  
Director*

### Jiang Xinglu

*Independent Non-Executive Director*

### Liu Xiaoyan

*Independent Non-Executive Director*

## AUDIT COMMITTEE

### Jiang Xinglu

*Chairman*

### Liu Xiaoyan

### Dr Chen Seow Phun, John

## REMUNERATION COMMITTEE

### Dr Chen Seow Phun, John

*Chairman*

### Liu Xiaoyan

### Jiang Xinglu

## NOMINATING COMMITTEE

### Liu Xiaoyan

*Chairman*

### Dr Chen Seow Phun, John

### Jiang Xinglu

## RISK AND INVESTMENT COMMITTEE

### Li Zhi

*Chairman*

### Li Xiangping

### Yan Tailing

## SECRETARY

### Tan Chee How, ACIS

## COMPANY REGISTRATION NUMBER

200609833N

## REGISTERED OFFICE

36 Robinson Road,  
#20-01 City House,  
Singapore 068877

## PRINCIPAL PLACE OF BUSINESS

27 Huanghe Road, Dongming County  
Shandong Province, PRC 274500  
Tel: (86) 530 7286138

## SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.  
36 Robinson Road,  
#20-01 City House,  
Singapore 068877

## AUDITOR

CLA Global TS Public Accounting  
Corporation  
80 Robinson Road, #25-00,  
Singapore 068898  
Director-in-charge: **Mr Lee Tze  
Shiong**  
(Appointed since financial year ended  
31 December 2021)

## LEGAL ADVISERS TO THE COMPANY ON PRC LAW

北京市盈科(济南)律师事务所济南市历  
下区经十路 11111  
号济南华润中心38-39层

## PRINCIPAL BANKERS

### China Construction Bank

Dongming Branch  
No. 10, Jie Fang Road  
Dongming County, Shandong Province  
PRC 274500

### Bank of China

Dongming Branch Wusi Road  
East Wing  
Dongming County, Shandong Province  
PRC 274500

### Agricultural Bank of China

Dongming Branch  
No. 165, Xiang Yang Road  
Dongming County, Shandong Province  
PRC 274500

### Industrial and Commercial Bank of China

Dongming Branch  
No. 50, Jie Fang Road  
Dongming County, Shandong Province  
PRC 274500

### Oversea-Chinese Banking Corporation Limited

OCBC Centre  
65 Chulia St #01-00  
Singapore 049513

## INVESTOR RELATIONS

Email: [info@sinostar-pec.com](mailto:info@sinostar-pec.com)  
Telephone: +65 9759 3996

# SUSTAINABILITY REPORT



## BOARD STATEMENT

We are pleased to present Sinostar PEC Holdings Limited (“**Sinostar Pec**” and its subsidiaries, collectively as the “**Group**” or “**we**”)’s annual sustainability report (the “**Report**”), for the financial year ended 31 December 2024 (“**FY2024**”).

The key material environmental, social and governance factors for Sinostar Pec have been identified and reviewed by our executive chairman (the “**Executive Chairman**”) and chief executive officer (the “**CEO**”). The board of directors of Sinostar Pec (the “**Board**”) determines the material sustainability factors, oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group’s strategic direction and policies. The Board also has the ultimate responsibility for the Group’s sustainability reporting. The management of the Group assists the Board in its oversight of the Group’s sustainability issues. Their duties include executing ESG-related policies and practices, monitoring and reviewing the Group’s sustainability performance, and reporting to the Board on their findings and suggestions on the Group’s sustainable development. Sustainability is a part of its wider strategy to create long-term value for all its stakeholders.

With the availability of economic, environmental, social and governance (“**EESG**”) data, sustainability reporting has gained greater significance to investors. Far from being just an image-building exercise, today it is widely accepted that good EESG practices contribute to the overall long-term success of the Group and play an important part in the competition for talent and investment. The Group is committed to quickly adapting to key stakeholders’ concerns, closing any potential gaps and capitalising on opportunities amid today’s rapidly changing business environment.

In defining our reporting content, we applied the Global Reporting Initiative (“**GRI**”) standards’ reporting principles by considering our activities, impact and substantive expectations and interests of our stakeholders. We observed the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

This Report has undergone the internal review process of the Group, and was reviewed by the Board. We have engaged internal auditors to perform an internal review of our sustainability report process. We have not sought external assurance for this Report. We acknowledge the importance of external assurance on a sustainability report and plan to seek assistance in the future.

## REPORTING PERIOD AND SCOPE

This Report is set out on a “comply or explain” basis in accordance with Listing Rule 711A and 711B and Practice Note 7.6 of the Singapore Exchange Securities Trading Ltd (“**SGX-ST**”). Corresponding to GRI’s emphasis on materiality, the Report highlights the key EESG-related performance and initiatives carried out during FY2024 covering the following entities of the Group: Dongming Hengchang Petrochemical Co., Ltd. (“**Dongming Hengchang**”), Dongming Qianhai Petrochemical Co., Ltd. (“**Dongming Qianhai**”), Dongming Changshun Transport Company Limited (“**Dongming Changshun**”) and Dongming Changshun Transport Company Limited Ganyu Branch (“**Ganyu Branch**”).

## REPORTING FRAMEWORK

The Group has chosen the GRI standards as it is the most established international sustainability reporting standard. In respect of the extent to which such framework is applied, this Report has been prepared with reference to the GRI Standards 2021. In terms of climate-related disclosures, this Report adopts the recommendations of the Taskforce on Climate-related Financial Disclosures (“**TCFD**”) as required by SGX-ST. Please refer to pages 47 to 50 on the GRI Content Index and TCFD Content Index of this Report for details.

## FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to [info@sinostar-pec.com](mailto:info@sinostar-pec.com).





# SUSTAINABILITY APPROACH

## OUR SUSTAINABILITY METHODOLOGY







## STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also considered when formulating corporate strategies. These key stakeholders include, but are not limited to, customers and consumers, employees, communities, government and regulators, suppliers and service providers, investors or shareholders, and trade associations. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The table below sets out our engagement with our stakeholders:

Stakeholders	Engagement and Communication Channels	Key Concerns and Expectations	Our Responses and Actions
Customers and consumers 	<ul style="list-style-type: none"> <li>Hotline</li> <li>Customer visit</li> <li>Customer survey</li> </ul>	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Provide high-quality products</li> <li>Provide quality services</li> <li>Rights protection</li> </ul>	<ul style="list-style-type: none"> <li>Spare no efforts to ensure stable and continuous supply</li> <li>High-quality materials and product</li> <li>Establish a two-way communication mechanism with customers</li> <li>Develop new products according to customers' requirements</li> </ul>
Employees 	<ul style="list-style-type: none"> <li>Townhall sessions</li> <li>Open dialogues among teams</li> <li>Intranet portal</li> <li>Relevant information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Guarantee employees' basic rights and interests</li> <li>Offer suggestions for enterprise development</li> <li>Develop employees' capabilities and promote career development</li> <li>Sense of belonging and recognition</li> <li>Share the development achievements with Sinostar Pec</li> </ul>	<ul style="list-style-type: none"> <li>Protection of employees' lawful rights and interests</li> <li>Create a good working environment</li> <li>Organise employees' representative conferences</li> <li>Carry out employee training</li> <li>Promote the reward system for rational proposals</li> <li>Increase input in employees' occupational health</li> <li>Career planning and development path</li> </ul>
Communities 	<ul style="list-style-type: none"> <li>Official website</li> <li>Email queries</li> <li>Sustainability report</li> <li>Interviews and meetings</li> <li>Various social and charity events</li> </ul>	<ul style="list-style-type: none"> <li>Serve community development</li> <li>Work for public benefit</li> <li>Create job opportunities</li> <li>Help poor and disadvantaged group</li> </ul>	<ul style="list-style-type: none"> <li>Drive employment and local economic development</li> <li>Support local suppliers</li> <li>Support education</li> <li>Volunteer activities</li> <li>Contribute to the community's environmental constructions</li> </ul>

Stakeholders	Engagement and Communication Channels	Key Concerns and Expectations	Our Responses and Actions
Government and regulators 	<ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Regular reporting</li> <li>• Participation in discussions</li> <li>• Relevant information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Abide by laws and regulations</li> <li>• Serve national economic development</li> <li>• Increase local employment rate</li> <li>• Ensure production safety</li> <li>• Realise cleaner production</li> <li>• Implement energy conservation and emission reduction</li> <li>• Protect ecological environment</li> </ul>	<ul style="list-style-type: none"> <li>• Pay taxes</li> <li>• Report works regularly</li> <li>• Realise prudent operation</li> <li>• Strengthen safety management</li> <li>• Cooperate with environmental protection departments to conduct inspections</li> <li>• Promote cleaner production</li> <li>• Research and develop green products</li> <li>• Organise environmental protection activities</li> <li>• Waste recycling</li> </ul>
Suppliers and service providers 	<ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Annual review and feedback sessions</li> <li>• Contracts and agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Realise fair and transparent procurement</li> <li>• Promote joint development</li> <li>• Fulfil the contracts timely</li> </ul>	<ul style="list-style-type: none"> <li>• Promote a stable purchase policy</li> <li>• Establish fair and transparent procurement principles and processes</li> <li>• Help suppliers make progress</li> </ul>
Investors/ Shareholders 	<ul style="list-style-type: none"> <li>• Annual report</li> <li>• Annual general meeting</li> <li>• Quarterly result briefings</li> <li>• Sinostar Pec website</li> <li>• Email queries</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance earning capacity</li> <li>• Improve corporate governance structure</li> <li>• Perform the obligation of information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure compliance with SGX-ST rules and regulations</li> <li>• Realise healthy growth</li> <li>• Establish a shareholder communication mechanism</li> <li>• Issue annual report on a regular basis</li> </ul>
Trade associations 	<ul style="list-style-type: none"> <li>• Business partnerships</li> <li>• Leading working groups in industry associations</li> <li>• Face-to-face meetings and communications</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in the standardisation process of the industry</li> <li>• Contribute to the sustainable development of the industry</li> <li>• Stimulate the technology transformation, upgrade and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in trade associations actively</li> <li>• Promote industry optimisation</li> </ul>

# SUSTAINABILITY APPROACH

## MATERIAL ASPECTS ASSESSMENT

To determine if an aspect is material, we apply the guidance from GRI Standard and SGX-ST Practice Note 7.6, the result of peer review, and global and local emerging sustainability trends. The following material aspects are identified:



### ECONOMIC

- Economic Performance



### ENVIRONMENTAL

- Environmental Compliance
- Energy
- Climate Change Mitigation and Adaptation



### SOCIAL

- Diversity and Equal Opportunity
- Occupational Health and Safety
- Product Quality
- Customer Satisfaction
- Socioeconomic Compliance
- Local Communities



### GOVERNANCE

- Business Ethics and Compliance
- Anti-corruption
- Enterprise Risk Management (“ERM”)

After these material aspects were identified, we assessed its potential impact on the economy, environment and people (including impacts on their human rights) as well as the influence on the stakeholders. Stakeholders, such as our management, general employees and customers, took part in the assessment. Aspects were identified and prioritised through questionnaires. The results of the materiality assessment are reviewed by the Group’s management and validated by the Board.

A materiality assessment is conducted every year, incorporating inputs from the stakeholder engagements. We conducted a materiality assessment during FY2024 and considered stakeholders’ feedback obtained. The result of the materiality assessment is as follows:

Material Factors	Level of Materiality
Economic Performance	High
Environmental Compliance	High
Energy	Medium
Climate Change Mitigation and Adaptation	High
Diversity and Equal Opportunity	High
Occupational Health and Safety	High
Product Quality	High
Customer Satisfaction	High
Socioeconomic Compliance	High
Local Communities	Medium
Business Ethics and Compliance	High
Anti-corruption	Medium
ERM	High



## ECONOMIC PERFORMANCE

We are committed to growing our customers and exceeding our customers' expectations and providing them with competitive edge products by enhancing operational efficiency. We constantly upgrade our production capabilities via new techniques, technologies and automation of processes, extend the range of inventory of quality, brand-name products, and provide personal service, competitive pricing and dependable and on-time delivery. For detailed financial results, please refer to the following sections:

- Operations Review, page 12
- Financial Highlights, page 18
- Financial Contents, pages 86 to 137

In FY2024, Sinostar Pec achieved a total product sales volume of 1,098,916.91 tonnes, compared to 1,018,165.43 tonnes in the financial year ended 31 December 2023 ("FY2023"), including inter-company transactions. This represents an approximate increase of 7.9% compared to FY2023 and fulfils approximately 100.2% of the annual budgeted processing volume. Sales revenue rose from around RMB5.33 billion in FY2023 to around RMB5.46 billion in FY2024, representing a growth of approximately 2.4%, while net profit amounted to approximately RMB231.67 million in FY2024.

We have consistently implemented comprehensive value chain optimisation management and quality control initiatives at the team level. In FY2024, we successfully completed over 20 research projects, applying the findings to enhance production management. Consequently, both equipment operational efficiency and energy efficiency have been improved significantly. The average processing cost per tonne for Dongming Hengchang and Dongming Qianhai decreased by approximately 12.4% and 9.3%, respectively, compared to FY2023. Additionally, the Group maintained a 100% ex-factory product qualification rate, signifying unwavering commitment to quality control.

Following the steady progress in the development of new products and the construction of intelligent systems, the Group continues to increase its investment in research and development, as well as the introduction of intelligent technologies. In FY2024, the Group's cumulative expenditure on research and development increased from approximately RMB10.26 million in FY2023 to approximately RMB23.81 million in FY2024, reflecting a growth of approximately 132.1%. We have successfully developed high-modulus and high-end polypropylene products, HC810 and HC830, which have entered the market for materials specifically designated for new energy vehicles.

Pursuing the principle of striving for multi-win situations with business partners, suppliers, and customers, Sinostar Pec focuses on continuously improving product quality and service, ensuring green, low-carbon, and sustainable development, and returning to shareholders while giving back to society. We have successfully established ourselves as a market leader in our core and diversified businesses by providing quality products and services at competitive prices, achieving the target set in FY2023 for FY2024. Moving forward, we will maintain our commitment to operating responsibly for our stakeholders and the environment while maximising enterprise value in the financial year ending 31 December 2025 ("FY2025").

### FY2025 target

### Short-term (qualitative) target

Establish ourselves to be a market leader in our core and diversified businesses by providing quality products and services at competitive prices.



## ENVIRONMENT

## ENVIRONMENT

The Group is aware of the environmental impact of manufacturing activities and is dedicated to ensuring that its operations and business activities comply with environmental protection regulations and safety regulations.

The Group strives to reduce, reuse and recycle materials wherever possible. We reduce our demand on the environment through designing our processes and incorporating environmental considerations at all stages of our production and operation. We complied with international guidelines on pollution management.

The Group focuses on creating value through our offering of products and services that minimally impact the environment and reduce environmental impact.

Demonstrating its commitment to environmental management, energy management, occupational health and safety, as well as product quality, the Group is proud to report that it has obtained the following certifications:



GB/T24001-2016/ISO14001:2015



GB/T23331-2020/ISO50001:2018



GB/T19001-2016/ISO9001: 2015



GB/T45001-2020/ISO45001: 2018

## ENVIRONMENTAL COMPLIANCE

The Group complies with all applicable environmental regulations and requirements, adheres to the environmental protection concept of “Green Operation and Sustainable Development”, comprehensively enhances the level of environmental protection management and strengthens measures to improve standards for the establishment and implementation of a resource-saving and environmentally friendly society. We have achieved the target set in FY2023 for FY2024, which is to fully comply with all environmental rules and regulations. There were zero (FY2023: Nil) incidents of non-compliance with laws and regulations resulting in significant fines or sanctions in FY2024.

To enhance production efficiency, quality and profitability, the Group adopted lean management to improve business processes that eliminate waste, this could result in significant time and cost saving for the businesses. The Group works on the control valve vibration setting to achieve zero waste during production. The Group also actively promotes product customisation based on customers’ requirements. Customisation can reduce waste due to excess or unwanted production, while expanding market share of the customisation market.

In accordance with regulatory requirements, the Group has engaged a qualified sewage treatment service provider to process its sewage. Our aim is to effectively improve the sewage treatment, ensure the smooth implementation of the national “South-to-North Water Diversion Project” and meet the national water quality standard for the Dongming outbound river section. In FY2024, the expenditures on sewage treatment increased by approximately 58.5% from approximately RMB3.47 million in FY2023 to approximately RMB5.50 million. The increase in expenditures on sewage treatment was due to the increase in sewage treatment volume and treatment prices.

The discharge of sewage complies with the special limits for discharge of pollutants under the “Emission Standards for Petroleum Refining Industry Pollutants” and “Class A Standard for Discharge Standards of Pollutants for Municipal Wastewater Treatment”. All sewage is treated on-site before discharge. After treatment, the third-party inspections are conducted.

We understand the importance of water saving and have adopted the following water-saving measures:

- Regularly inspect the cooling tower fills and water collectors, minimise the water drift rate of the circulating water to reduce the need for water recharge and save fresh water;

- Prohibit the excessive use of fresh water for equipment and ground flushing at the equipment site;
- Maintain strict control over circulating water quality, concentration factors, and water recharge rates to reduce overall freshwater consumption, while ensuring compliance with the water quality standard of discharging sewage;
- Optimise water allocation among different systems to meet production requirements while reducing specific water consumption and improving cooling efficiency;
- Ensure proper functioning of the flowmeter for accurate monitoring of circulating water usage;
- Control process parameters to minimise the circulation volume of water and minimise evaporation losses;
- Discharge wastewater before recharging circulating water to minimise the need of using fresh water to dilute wastewater; and
- Set the circulating water quality standard based on equipment requirements to reduce unnecessary wastewater discharge and water recharge frequency, thus saving fresh water.

One of our factories has implemented measures to control the source of wastewater, ensuring that it can be recycled in accordance with testing and analysis parameters. The wastewater has been recycled and reused as makeup water for the circulation system.

During FY2024, the Group has organised water conservation activities, posted notices about water saving, and strengthened the water conservation awareness of our employees to emphasise the importance of water conservation.

In FY2024, the total water consumption of the Group decreased by approximately 2.5% from approximately 687.58 ML in FY2023 to approximately 670.73 ML. The total water consumption decreased due to the optimisation of water-saving processes. All the water consumed by the Group comes from Yellow River surface water supplied by related parties; the Group did not withdraw water directly from the water body. The Group will continue to participate in water-saving activities to maintain the water-saving work on a regular basis, and to create a good atmosphere for water saving in its operation place.

Safety, quality, and environmental protection are the three major aspects that the Group cannot compromise on, therefore, it is the Group’s fundamental obligation to fully abide by all national environmental policies and regulations.

### FY2025 target

### Short-term (qualitative) target

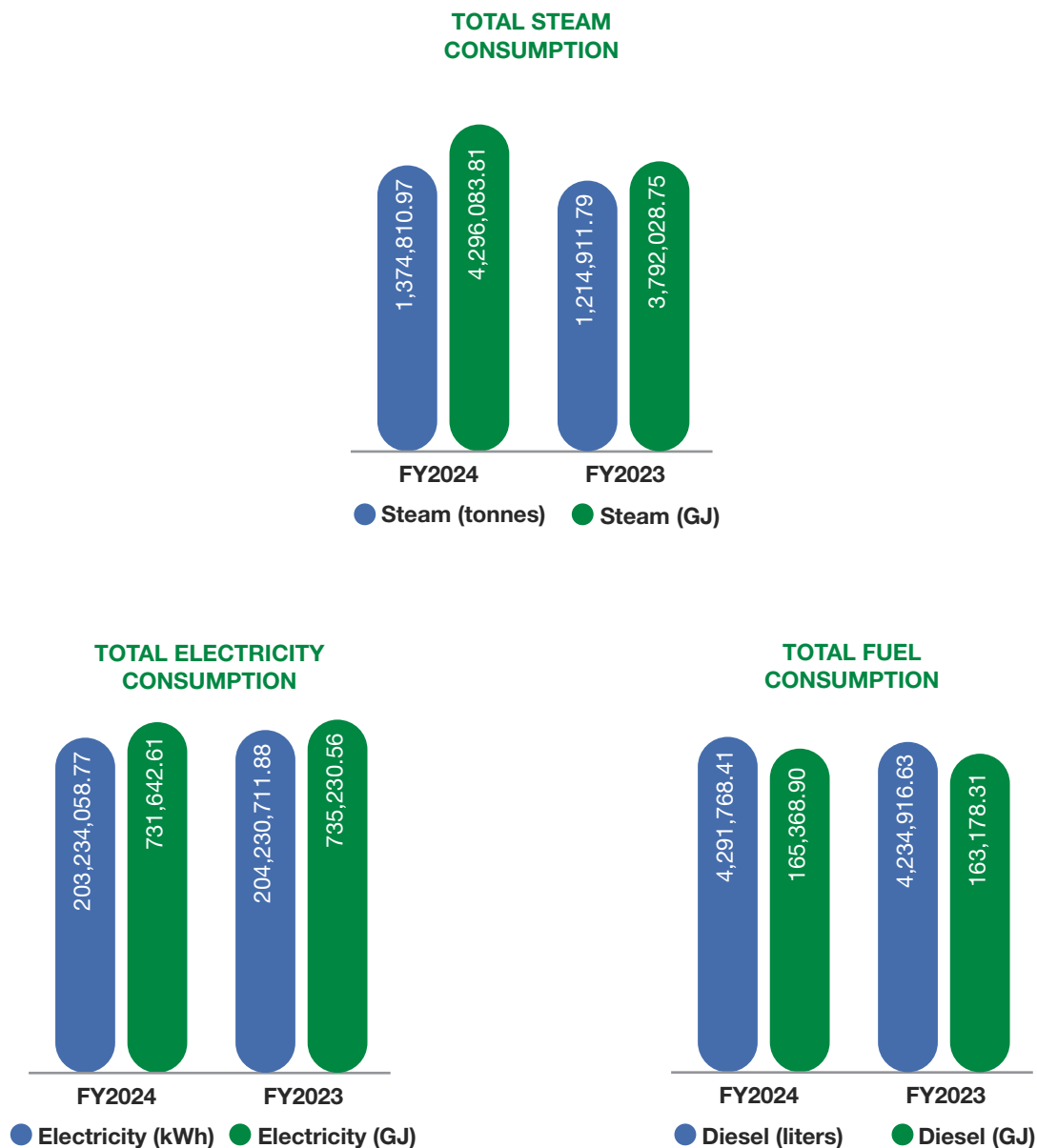
Ensure full compliance with all environmental rules and regulations.



# ENVIRONMENT

## ENERGY

The total energy consumption, including steam consumption<sup>1</sup>, electricity consumption<sup>1</sup> and fuel consumption<sup>1</sup> performance of the Group is shown as follows:



Note(s):

1. The calculation of unit conversion is based on, but not limited to, the Energy Statistics Manual issued by the International Energy Agency and the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Industrial Enterprises in Other Industries by the Ministry of Ecology and Environment of the PRC.

In order to manage energy effectively, we have adopted the following measures:

- Conscientiously implement the national and local energy management laws and regulations as well as the Group's energy management rules and regulations, and raise awareness of energy conservation among management personnel;
- Establish and monitor energy consumption targets, implement energy-saving plans, and enhance indicators to reduce energy use and improve efficiency, while ensuring compliance with standards, upgrading equipment for better savings, and analysing two years of utilisation data to identify causes of high consumption and formulate improvement strategies;
- Implement an energy-saving incentive mechanism focused on daily operational management of equipment to enhance efficiency by controlling electricity and steam consumption during production, reducing energy use in raw material handling, monitoring high-power equipment, and establishing an assessment system with incentives and penalties for exceeding standards; and
- Establish an energy management system, adopt effective energy-saving measures, and conduct internal audits of energy plants while continuing to use the established energy management and control platform that provides a dynamic database for real-time monitoring, short-cycle energy predictions, and tracking consumption deviations, enabling more efficient energy planning, reduced consumption per unit, and improved economic benefits.

In FY2024, the total energy consumption of the Group was approximately 5,193,095.32 GJ (FY2023: approximately 4,690,437.62 GJ), which is equivalent to the intensity of approximately 4.73 GJ/product sales volume (tonnes). The energy consumption intensity (GJ/product sales volume) has increased by approximately 2.6% compared with FY2023 (FY2023: approximately 4.61 GJ/ product sales volume (tonnes)), mainly attributed to the shutdown maintenance of Dongming Qianhai in FY2023 and subsequent overloaded production in FY2024. We are currently in the process of achieving the target set in FY2023 to maintain or reduce the level of energy consumption intensity for FY2024.



## FY2025 target

## Short-term (quantitative) target

Maintain or reduce the level of energy consumption intensity.

CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group acknowledges that TCFD provides recommendations regarding the disclosure of climate-related financial information. We recognised that climate change would have a significant impact on our business operations and the community. We assessed the impact of key climate-related risks and opportunities and disclosed the adopted strategies under four overarching elements, including governance, strategy, risk management and metrics and targets.

GOVERNANCE

The Board oversees the management and governance of the Group’s sustainability efforts. The Board oversees the formulation of the Group’s strategy with consideration of sustainability issues, including climate change. Its responsibilities include reviewing climate-related disclosure, assessing the Group’s actions to enhance climate resilience, including measures implemented to mitigate climate-related risks and capitalise on climate-related opportunities, approving relevant objectives and targets, and reviewing the Group’s performance towards the targets set.

Under the Board’s delegations, the management of the Group is responsible for identifying and assessing the climate-related risks and opportunities, developing and implementing mitigation plans, developing relevant objectives and targets, and collecting and reviewing performance metrics against the objectives. The management of the Group will report to the Board at least annually regarding the identified climate-related risks and opportunities and the corresponding targets, performances and initiatives for the Board’s review, discussion and approval.

STRATEGY

Under the assistance of an external sustainability consultant, the management of the Group has carried out a scenario analysis to identify and evaluate the climate-related risk material to the Group based on the available information. Details of the scenario analysis are as follows:

Scope:	The Group’s business of manufacturing and sales petrochemical products	
Time horizon:	Short-term (1-3 year(s)) Medium-term (3-10 years) Long-term (10-30 years)	
Scenario explored:	Physical risk: Intergovernmental Panel on Climate Change (“ <b>IPCC</b> ”) Representative Concentration Pathway (“ <b>RCP</b> ”) 8.5	Transition risk: IEA Net Zero Emissions by 2050 Scenario (“ <b>NZE Scenario</b> ”)



The management of the Group evaluates the risk level (high, medium and low) of the identified climate-related risk based on the result of the scenario analysis. The risk level of the climate-related risks is comprised of the two factors:

- (1) Likelihood: the probability of the risk to materialise in a certain time horizon
- (2) Consequence: the level of impact of the risk on the Group

The table below shows our understanding of our most significant climate-related risks and opportunities over the short-, medium- and long-term based on the result of scenario analysis:

Risk Category		Description of Risk and Financial Impact	Time Horizon	Risk Level	Risk Mitigation and Opportunities
Physical	Acute	<p><b><u>Disruption to operations from extreme weather condition</u></b></p> <p>The increased frequency and severity of extreme weather, such as extreme heat, extreme precipitation, river flooding and typhoons, can damage the Group's assets, disrupt supply chains, and harm our employees on the way to work or during their work. Damage to the Group's assets can cause direct financial losses. With the Group's operation being disrupted, it may affect the Group's availability to produce and deliver goods, resulting in a loss of revenue. Moreover, implementing mitigation plans may lead to higher operational costs, e.g. the repair and maintenance cost of assets.</p>	Short-to-medium-term	Low to medium	The Group has purchased insurance for its production equipment and developed emergency response plans under extreme weather. We will take necessary protective measures before the arrival of the disaster, keep monitoring of the condition and suspend production partially or entirely if necessary. After the disaster, emergency response team will be mobilised for disaster recovery in order to resume normal business operation promptly.
	Chronic	<p><b><u>Water stress under water scarcity</u></b></p> <p>Climate change may affect water supply due to alterations in rainfall patterns and glacier melting, leading to a decrease in the availability of water resources required for production. This can adversely impact the production of chemical products and reduce the Group's profitability, which may end up with a decrease in revenue.</p>	Short-term	Medium	The Group has implemented different water-saving measures to reduce its water demand and risk of water scarcity on the Group. For details on the water-saving measures, please refer to the section headed "ENVIRONMENTAL COMPLIANCE".
Transition	Policy and Law	<p><b><u>Carbon pricing risk</u></b></p> <p>The PRC government may set carbon quotas for the petrochemical industry and launch a carbon emissions trading market to promote emissions reduction by corporations. If the Group fails to reduce emissions below the designated quota within the specified timeframe, it may incur additional costs for carbon emissions, leading to higher operational expenses and reduced profitability.</p>	Short-to-medium-term	Medium	The Group has implemented carbon reduction measures to minimise carbon emissions. Additionally, the Group's Health, Safety, and Environment Department (the "HSE Department") will continue to monitor current and emerging trends in carbon taxation and provide suggestions for effectively responding to carbon taxes, including identifying the opportunities for tax deduction by reducing carbon emissions.

Risk Category		Description of Risk and Financial Impact	Time Horizon	Risk Level	Risk Mitigation and Opportunities
Transition	Policy and Law	<p><b><u>Disclosure and compliance risk</u></b></p> <p>Stricter climate legislation and regulations are implemented worldwide to support the vision of global carbon neutrality. For example, the SGX-ST has imposed more stringent disclosure requirements on listed companies regarding climate-related information, and the PRC government has implemented carbon verification and emission reduction requirements for high-emitting companies. Compliance with stringent climate laws and regulations may lead to increased costs, subsequently raising the Group's operational expenses. On the other hand, if the Group fails to comply with related laws and regulations, it may be fined for non-compliance and suffer extra expenditure.</p>	Short-to-medium-term	Medium	The Group equipped its employees with carbon emission knowledge to prepare for climate-related disclosure. The HSE Department also keeps monitoring the trend of climate-related laws and regulations to avoid risks due to late response.
		<p><b><u>Raw material supply and cost risk</u></b></p> <p>Due to the transition to a low-carbon economy, the supply of liquefied petroleum gas ("LPG") may be constrained. This could pose difficulties for the Group in obtaining an adequate supply of LPG. Additionally, changes in carbon pricing and climate policies can lead to instability and fluctuations in energy prices. The unstable supply of LPG may disrupt the Group's operations and affect the Group's profitability, which may result in lower revenue. Also, the Group is exposed to the risk of increase in operational cost due to higher energy cost.</p>	Long-term	Medium	The Group continually monitors fluctuations in fossil fuel prices and considers hedging strategies to reduce price volatility. We also focus on improving production efficiency by replacing equipment with higher energy efficiency and implementing stricter resource management to reduce raw material and energy consumption. These efforts help reduce our reliance on fossil fuel as raw material and energy.
	Market	<p><b><u>Market demand risk</u></b></p> <p>With the development of a low-carbon economy, the market demand for clean energy and sustainable products may increase, while the demand for high-carbon products may decrease. If the Group fails to adjust its product portfolio in a timely manner or develop low-carbon products, it may face risks arising from changes in market demand and even lose market competitiveness. The sales of the Group's products may decrease and affect its profitability and revenue.</p>	Long-term	Low	The Group strives to accelerate the low-carbon transition by developing carbon emissions management standards, energy management programmes, and other initiatives to reduce product carbon emissions. We also explore the business opportunities for renewable energy and low-carbon alternative energy sources to meet the market demand for low-carbon products. The Group strives to catch the business opportunities of expanding low-carbon business and products and increase profitability.

## RISK MANAGEMENT

To manage the identified risks, the Group has adopted the Climate Change Policy and has integrated climate change into its internal control procedures and environmental risk management system.

The Board is responsible for risk governance and ensuring that the management of the Group maintains a comprehensive system of risk management and internal controls. According to the Group's risk management system, different risks should be managed by the corresponding professional department by its risk category. As the same as other environmental risks, climate-related risks and opportunities are managed by our Health, Safety and Environment Management Office (the “**HSE Office**”). Staffed by environmental management experts, the HSE Office identifies, assesses, and prioritises climate-related risks alongside other environmental risks based on their risk levels. The HSE Office reports its findings to the management, who then determines the appropriate response to these risks. This structured approach ensures that climate-related risks are given due consideration and are managed in line with the Group's broader risk management strategy.

The HSE Office reviews climate risks and opportunities that are material to the Group regularly. It also regularly monitors existing and emerging trends, policies and regulations related to climate change, reviews the emergency plan against extreme weather events, and reminds the management of the Group when necessary to avoid potential loss due to delayed response. In addition, the Group has set a target to reduce GHG emissions. The Group will continue to monitor and review current and emerging trends regarding climate-related risk and opportunities to relevant standards and fine-tune its management framework.

## METRICS AND TARGETS

We have measured the direct (Scope 1) and energy indirect (Scope 2) GHG emissions in this Report. The major sources of GHG emissions of the Group were from fuel consumed by heavy goods vehicles (Scope 1) as well as purchased electricity and steam (Scope 2). We collected the amount of fuel consumed by the Group's vehicles, electricity and steam consumption by the Group and the product sales volume in tonnes to calculate our GHG emissions and GHG emissions intensity per product sales volume. We are committed to collecting more information, including assets and business operations vulnerable to climate risks and aligning with climate opportunities and other indirect GHG emissions (Scope 3), to better understand our resilience against climate risks and opportunities.





# ENVIRONMENT

The GHG emission performances of the Group in FY2024 are as follows:

Indicator <sup>2</sup>	Unit	FY2024	FY2023
Direct GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent (“tCO <sub>2</sub> e”)	11,320.40	11,170.45
Energy indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	610,280.62	533,595.94
Total GHG emissions (Scope 1 and 2)	tCO <sub>2</sub> e	621,601.02	544,766.39
Intensity	tCO <sub>2</sub> e/product sales volume (tonnes)	0.57	0.54

The total GHG emission intensity has increased by approximately 5.6% compared with FY2023, mainly attributed to the shutdown maintenance of Dongming Qianhai in FY2023 and subsequent overloaded production in FY2024. The Group is currently in the process of achieving the target set in FY2023 to maintain the current level of GHG emissions intensity. In addition to the energy-saving measures outlined in the section headed “ENERGY”, the Group will continually monitor its GHG emissions, and regularly review and adjust its strategies to enhance its GHG performance, achieve the target and manage the climate-related risks and opportunities.

During FY2024, the Group prominently displayed promotional materials to advocate for environmental protection in celebration of World Environment Day. This initiative aimed to raise awareness about the importance of safeguarding our environment and to encourage sustainable practices among employees and the community. The Group has achieved the target set in FY2023 of organising at least one activity to raise awareness among employees about energy conservation and climate change for FY2024.

## FY2025 target

### Short-term (quantitative) target

Maintain the current level of GHG emissions intensity.

### Short-term (qualitative) target

Organise at least one activity to raise awareness among employees about energy conservation and climate change.



Note(s):

- The Group accounts for 100% of the GHG emissions from operations over which it has operational control. The data on GHG emissions are calculated based on widely recognised standards, including but not limited to, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange of Hong Kong Limited, the Notice on the Release of the 2022 Greenhouse Gas Emissions Factor for Electricity and the Notice on the Management of GHG Emissions Reporting for Power Generation Sector from 2023 to 2025 published by the Ministry of Ecology and Environment of the PRC, and the global warming potentials outlined in the Sixth Assessment Report of the IPCC.

## SOCIAL

Our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. We support and respect the protection of internationally proclaimed human rights.

We respect human rights, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of race, gender, religion and ethnic minority during employment.

The Group believes in employee training and continual career development. In FY2024, we provided the following training to our employees:

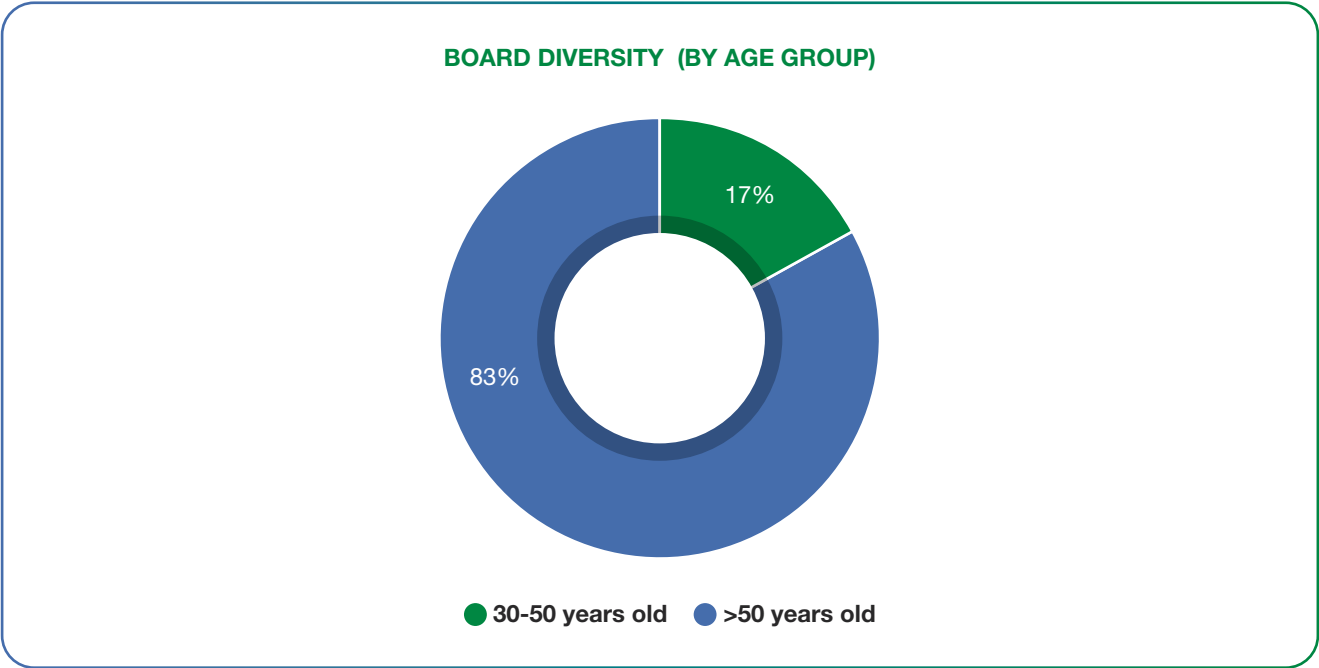
- New employee on-boarding;
- Professionalism;
- Leadership training for heads of department;
- Sales and production management;
- Equipment management;
- Safety knowledge and skills training; and
- Quality, safety and occupational health, environment and energy management

The Group provides competitive remuneration based on merit to all its employees. Our employees are covered by collective bargaining agreements, and are given the right to exercise freedom of association.



DIVERSITY AND EQUAL OPPORTUNITY

The Group recognises the benefits of having an effective and diverse Board in supporting the attainment of its strategic objectives and sustainable development. The current Board consists of six directors, all of whom are male. One director is between the ages of 30 and 50 and the other five directors are above the age of 50, the percentage of directors by age group is as follows:



The Board includes two executive directors, three independent non-executive directors, and one non-executive director. An independent director has been appointed as the chief independent director. Four directors are based in the PRC and two directors are based in Singapore. The Board has diverse management experience, with sufficient experience in finance, capital operations, legal affairs, and chemical industry management. While the Board does not comprise any female directors at the moment, considering the nature and scope of the Group’s operations, our nominating committee (the “NC”) reviews the composition of the Board annually and believes that the current composition with an appropriate mix of expertise and experience possesses the necessary competencies to provide the management with a diverse and objective perspective on issues so as to lead and govern us effectively.

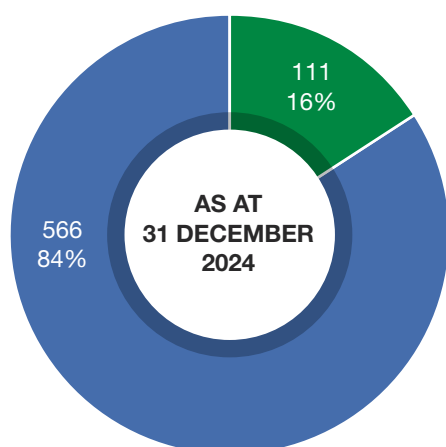
However, the NC will continue to review the composition of the Board annually in accordance with the Group’s Board Diversity Policy, and may recommend revisions to the policy or appropriate targets to the Board, where necessary. The details of the Board Diversity Policy have been set out in the “Corporate Governance” section of this annual report.



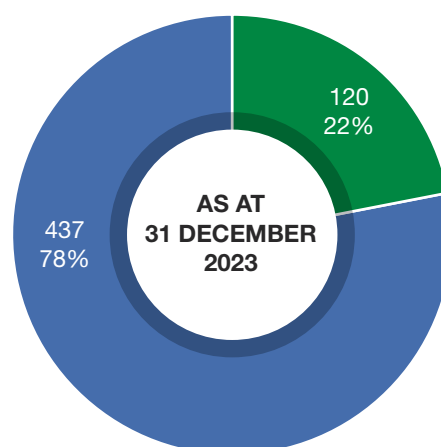
A diverse workforce is an asset in today's ever-changing global marketplace. We cultivate an inclusive culture where employees with wide-ranging backgrounds and qualities are highly motivated, engaged and connected. As at 31 December 2024, the Group had a total of 677 employees (as at 31 December 2023: 557 employees). All employees currently work in the PRC. The breakdown of the number of employees of the Group is shown as follows:

## GENDER

Number of employees	As at 31 December 2024			As at 31 December 2023		
	Female	Male	Total	Female	Male	Total
Permanent employees	47	234	281	81	259	340
Temporary employees	64	332	396	39	178	217
Full-time employees	111	566	677	119	432	551
Part-time employees	-	-	-	1	5	6

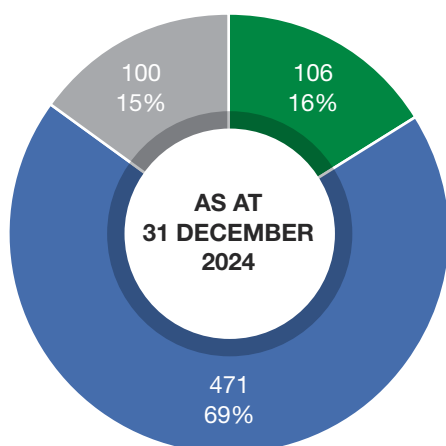


● Female ● Male

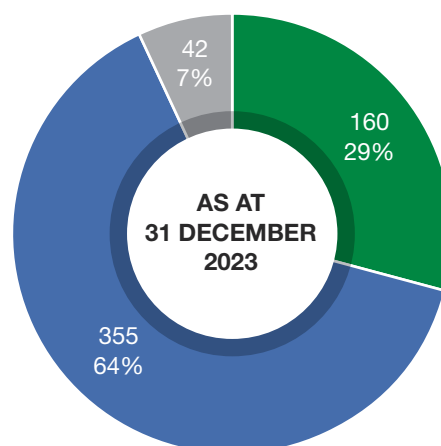


● Female ● Male

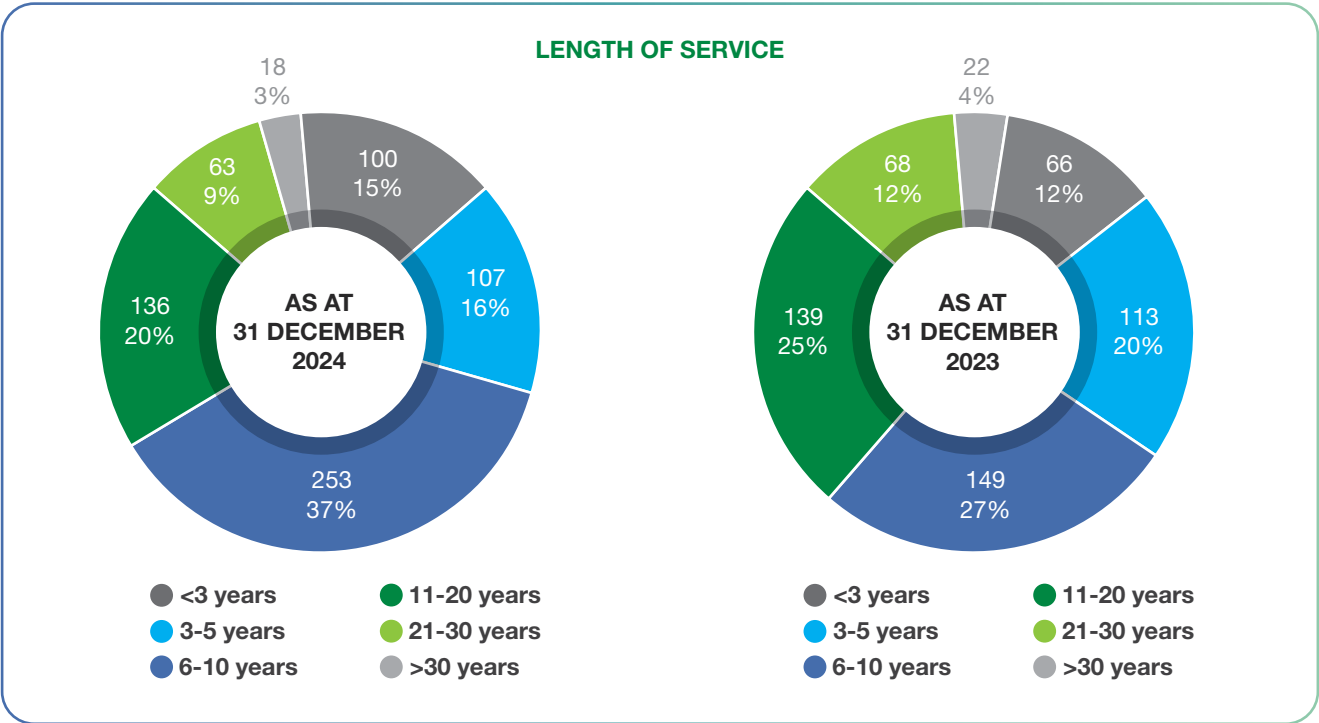
## AGE



● <30 years old ● 30-50 years old ● >50 years old



● <30 years old ● 30-50 years old ● >50 years old



Every employee plays an essential role in the Group. We organise different types of activities for our employees regularly, such as tug-of-war, table tennis, sorority, sports day and cultural activities during Women’s Day. In FY2024, we have spent around RMB2.27 million in total to boost employee well-being. During the Chinese New Year and Mid-Autumn Festival, we distributed gift cards and gifts, such as fruits, to our employees, amounting to around RMB0.48 million. In addition, we invested in drinking water to ensure our employees have access to fresh, pure, and safe water in the workplace, as well as in organising events and activities.

Apart from that, we also place great importance on our employees by providing them with a competitive remuneration package. Remuneration packages consist of employee retirement schemes, paid annual leave, sick leave, and marriage leave and different festival allowances and gifts. All these benefits are provided to both full-time and part-time employees.



Our recruitment of staff is based solely on merit and qualifications, without discrimination of race, age, gender, religion or ethnicity. Similar to FY2023, we have zero reported incidents of discrimination in FY2024. We have achieved the target set in FY2023 of having zero complaints on discrimination for FY2024.

<b>FY2025 target</b>	<b>Short-term (quantitative) target</b> Achieve zero complaints on discrimination.
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## OCCUPATIONAL HEALTH AND SAFETY

We are also committed to safeguarding our employees' health and safety against any potential workplace hazards. Employees' health and safety are important for the Group to achieve optimal performance. It is a fundamental right for our workers to be able to work in a safe environment. When our employees' wellness is attained, our productivity will increase and provide the best to our customers. From implementing job safety guidelines and procedures to conducting rigorous safety training, we are committed to providing a hazard-free workplace to ensure the well-being of both our employees and environment. Our occupational health and safety system covers all employees of the Group.

To promote a culture of safety, we have established a safety committee led by a member of the management and including representatives from each functional department. Quarterly meetings are held to discuss safety-related matters, including reviews of changes in regulatory requirements, outcomes of monthly safety inspections, results from regular risk assessments and the necessary preventive measures. The information is then disseminated by committee members to their peers during their respective department meetings. All employees are represented by the joint management-worker safety committee.

The Group employs various measures to ensure the health and safety of all its staff. Starting from a methodological documentation of all occupational health and safety issues on an employee level, we listen to all our employees' safety concerns and suggestions. The Group conducts regular safety checks and enforces all relevant health and safety rules. Our employees are trained to be safety conscious and all potential hazards in the workplace are identified. Additionally, the Group provides medical health screening every year for employees involved in radiation-related roles, and once every two years for all other employees.

In relation to the Group's plants, safety measures have been implemented in the following areas:

- Establish a safe production informatisation system to monitor the procedure of special operations and personnel positions. The system is connected to the early warning platform of Shandong Province to ensure prompt response to emergencies;
- Appoint an on-site examining team to examine the safety of construction work during the overhaul of the plants; and
- Establish a reward system for reporting on safety risk to encourage the employees to pay attention to and report on potential safety risks actively.

We conduct safety risk assessments at all levels and at all operating locations. Staff perform an annual check using our Plant Safety and Health Audit Checklist to ensure that training for new employees is completed, the working environment is conducive, proper processes are followed, machinery is checked, all electrical and junction boxes are functioning correctly, materials are stored properly, and there are no obstructions in case of fire. New employees undergo the required safety training and drills to familiarise themselves with the operation of machinery and equipment, as well as the safety precautions and procedures during the production process. These checklists are reviewed and followed up by the production manager and the safety and health officer, with the safety and health chairman signing off to ensure that the management monitors internal controls. Any issues highlighted in these reports are promptly addressed.



As part of the Group's initiative to continuously improve the Group's occupational health, safety and environmental protection training, the Group issued a training needs questionnaire which extensively solicited employees' opinions. The management thereafter tailored the Group's occupational health and safety as well as environmental protection training programme based on the current operational capabilities and results of the questionnaire. The following sets out the training objectives formulated:

- New employees should receive three levels of occupational health, safety and environmental protection training for no less than 72 hours. Each year, no less than 20 hours of retraining should be conducted;
- In relation to the transfer of employees or the adoption of new technologies, new equipment or new materials, special occupational health, safety and environmental protection training shall be carried out;
- The implementation rate of occupational health, safety and environmental protection education and training programmes shall be 100%;
- The passing rate of occupational health, safety and environmental protection education and training shall be 100%;
- Workers shall only be employed if they acquired relevant certifications and qualifications for certain designated work scope as stipulated in the government regulations;
- The passing rate of safety training for key responsible person and safety management personnel of the production and operation unit shall be 100%; and

- Engage a hospital to provide non-occupational health checks to our employees every year. Special medical examination is provided to radiation workers.

In FY2024, the Group carried out a comprehensive investigation of safety hazards in the entire system, and a total of 634 safety hazards were identified and eliminated to ensure long-term operation of the plant. The Group actively conducted safety and fire emergency drills, and completed 16 workshop-level drills and 192 team-level drills in FY2024.

In FY2024, the Group continued to implement its safety policy to comply with regulatory requirements, including but not limited to Article 10 of the "GB50160-2008 Petrochemical Enterprise Design Fire Protection Code", Article 5.1.2, Shandong Province Hazardous Chemicals Safety Management Measures (Provincial Government Order No. 309), the Law of the PRC on the Prevention and Control of Occupational Diseases (2018 Revision), the Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used, and the Shandong Province Safety Production Regulations.

We are pleased to report that we achieved zero (FY2023: Nil) industrial accidents as well as zero (FY2023: Nil) man-day losses for FY2024. The target set in FY2023 of maintaining zero work-related fatalities and injuries for FY2024 has been achieved.

## FY2025 target

## Short-term (quantitative) target

Maintain zero work-related fatalities and injuries.



## PRODUCT QUALITY

Backed by a strong reputation and credible track record for quality products and services, the Group's "Hengchang" brand of polypropylene was awarded "Shandong Province Famous Trade Mark" and "Shandong Top Brand" in PRC. Quality management has been enhanced by implementing the following measures:

- Pay close attention to the feedback on the quality of the raw materials of the upstream companies in time, and cooperate with the production professionals to carry out targeted adjustment and control measures according to the quality of the upstream raw materials. Actively coordinate the quality inspection centre to strengthen the timely comparison and analysis of the product quality;
- With the overhaul and technical improvement of the device, some supervision and inspection plans were optimised and adjusted. At the same time, the quality of some external raw materials was investigated and analysed in advance in conjunction with the distribution company, which fully prepared for the start of preparation of materials;
- Carry out preventive control in advance to prevent the problem of high water content in the product due to hydrocarbon tank inspection and top-line operation in the water tank area. We also carry out random quality inspection and analysis of each loaded car of product to ensure that the manufactured products meet customer quality requirements. At the same time, the risk of lower product quality, such as large water content and lower purity of the product caused by preliminary water tank overhaul and top-line operations, can be eliminated. At present, each raw material and the MTBE product tank are used effectively. The water content in propylene products has been reduced from about 300 ppm to less than 20 ppm, meeting superior product quality standards. Similarly, the water content in isobutylene products has been reduced from about 300 ppm to within 50 ppm, also meeting superior product quality standards;
- To enhance quality control, particular attention is given to chemical excipients. Given the limited number of manufacturers and the utilisation of chemical auxiliary equipment during installation, we proactively conduct research and analysis on the quality of these materials. We also gather information on the utilisation of similar domestic equipment and obtain samples for laboratory analysis. This enables us to ensure the quality and reliability of chemical excipients used in our processes;
- Accelerate the speed of unloading, improve the efficiency of logistics operations, and optimise management efficiency;
- A scientific research group was set up to enhance the research and development of high value-added products in hybrid dehydrogenation units. It serves as a robust support to provide strong organisational, financial and personnel protection for technology development and applied research; and
- To enhance process innovation and process optimisation, the "Research Group on Optimisation of Process Flow for the Processing of Hetero-butene Heterogeneous Raw Materials" was established. The research group worked out many experimental research operations to optimise the analysis of data to find out the optimal operating parameters and verify the actual production. The project has won the first prize of Heze Science and Technology Innovation.

In FY2024, we had zero incidents of non-compliance resulting in regulatory breaches related to relevant health and safety legislation, and no complaints were received due to product quality issues. We have assessed 100% of our products and services on their health and safety impacts, and no health and safety issues have been identified for improvement. The target set in FY2023 of maintaining zero incidents of non-compliance resulting in regulatory breaches related to relevant health and safety legislation, and no complaints received due to product quality issues for FY2024 has been achieved.

### FY2025 target

#### Short-term (quantitative) target

Achieve zero incidents of non-compliance resulting in regulatory breaches related to relevant health and safety legislation.

#### Short-term (quantitative) target

Receive zero complaints related to product quality issues.

CUSTOMER SATISFACTION

At the beginning of each year, the Group conducts a monthly customer satisfaction survey with its key customers. This survey is led by its Supply and Marketing Department and covers the following:

- Compliance with product-related requirements, such as product quality, price, etc.;
- Attitude towards pre-sale, sales, and after-sales service; and
- On-time delivery.

We use the result of the survey for competition analysis, understanding gaps and finding opportunities for improvement. These are also reported to the relevant departments in the Group such as the Enterprise Management Department and the Production Operations Department for management review and for the continuous improvement of the quality system. In FY2024, we received 100% feedback on the customer satisfaction survey (FY2023: 100%). The satisfaction rate was 96.2% (FY2023: 96.4%) on average throughout the year. We have achieved the target set in FY2023 to maintain the customer satisfaction rate of no less than 90% for FY2024.

The Group also has procedures to handle customers' complaints. After the Group's Customer Service Department receives a complaint from its customer, the complaint will be passed to related departments for investigation and handling. The Customer Service Department will return to the customer with the result of the investigation on and proposed solution. If the customer is not satisfied with the result, their complaints will be handled further by the Group's Human Resources Centre, which will further investigate and govern the related departments for correction.

The Group recognises the importance of protecting customer privacy. Its Customer Management Standard has standardised that the customer data should be collected and managed by the sales offices and overseen by the Sales and Marketing Department. Any unauthorised use, copy and disclosure of data, delayed or no response to the data leakage risk, and mismanagement of confidential data will face punishment. During FY2024, the Group did not receive any substantiated complaints concerning breaches of customer privacy, nor any cases of identified leaks, thefts or losses of customer data.

FY2025 target

Short-term (quantitative) target  
Achieve a customer satisfaction rate of no less than 90%.

SOCIOECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conducting the business with integrity and to safeguarding the interest of all its stakeholders, both internal and external. We recognise that our success is closely tied to the well-being and satisfaction of our stakeholders. The Group pays strict attention to enforcing good labour practices in all our operations. We provide many training opportunities for continued employee development and this is reflected in the quality and delivery of our products and solutions. We value our relationships with our clients and the wider community in which we operate and these relationships have helped us through challenging times in the past. We strongly believe that in the long run, these efforts will have a positive impact on our economic performance.

Any non-compliance against socioeconomic laws is not acceptable. The Group has assigned the representatives in charge of discipline to inspect the discipline, including business ethics, integrity and laws compliance, in the Group. Disciplinary disorder will be handled accordingly to avoid recurrence.

We have achieved the target in FY2023, with zero incidents of non-compliance with socioeconomic laws and regulations for FY2024 (FY2023: Nil).

FY2025 target

Short-term (quantitative) target  
Maintain zero incidents of non-compliance with socioeconomic laws and regulations.







LOCAL COMMUNITIES

Over the years, the Group has given great importance to charitable work, viewing philanthropy as an integral part of building corporate culture and promoting its traditions of poverty alleviation and charity. We have actively participated in charitable events to contribute to the communities. In FY2024, Dongming Hengchang organised a “Support Event for Employees in Need”, during which essential relief items were distributed to employees in need. A total of five employees volunteered for this event, contributing approximately 3 hours of work. Furthermore, all Dongming Hengchang employees actively participated in “Charitable Donation Day”, collectively donating around RMB11,000 to support local communities.

The Group also recognises the importance of children’s education. To support children from impoverished areas in the PRC returning to school, we encourage employees to participate in the “Spring Blossom” donation campaign and to contribute voluntarily.

We are also dedicated to protecting the rights and well-being of different stakeholders, including our employees, customers, suppliers and local communities. The Group has set up a safety committee and labour union to address employees’ concerns, including career development, occupational health and safety and their rights and interests. We also formalised different stakeholder engagement plans based on the result of stakeholder mapping, including customer survey, procurement method and compliance communication methodology, to better understand their needs. Please refer the sections headed “DIVERSITY AND EQUAL OPPORTUNITY”, “OCCUPATIONAL HEALTH AND SAFETY”, “CUSTOMER SATISFACTION” and “SOCIOECONOMIC COMPLIANCE” for more details.

We aim to promote harmonious development of society by actively participating in public welfare undertakings. 100% of our operations have implemented local community engagement, impact assessment and development programmes. We have achieved the target set in FY2023 of encouraging employees to support the local communities through donations or other charitable work, as well as participating in at least one charitable event for FY2024.

FY2025 target	<b>Short-term (qualitative) target</b> Encourage employees to support local communities through donations or other charitable work.
	<b>Short-term (quantitative) target</b> Participate in at least one charitable event, such as one-day donation activities, flood prevention and community donations.

AWARDS

Our products and services are well received by our customers and formally recognised. In FY2024, Dongming Qianhai was awarded the title of “High-Growth Enterprise” by the Heze Municipal People’s Government, “Advanced Small and Medium-sized Enterprise” by the Department of Industry and Information Technology of Shandong Province and “National Green Factory” by the Ministry of Industry and Information Technology of the PRC. Additionally, Dongming Hengchang was recognised as a “Shandong Green Factory”, and its polypropylene M700B product was awarded the “Eighth Batch of Shandong Manufacturing Single Champions” title by the Department of Industry and Information Technology of Shandong Province. Furthermore, Dongming Hengchang was included in the “Shandong High-end Brand Cultivation Enterprise Directory” by the Shandong Administration for Market Regulation.



山东省工业和信息化厅关于公布2024年度山东省绿色制造单位名单的通知

鲁工信绿发〔2024〕183号

各市工业和信息化局，有关单位：

为加强绿色制造体系建设，推动工业绿色转型发展，按照《山东省绿色制造单位认定标准及管理

### 2024 年度山东省绿色工厂名单

（排名不分先后）

序号	地市	企业名称
265	菏泽市	东明恒昌化工有限公司
266	菏泽市	东明万海氯碱化工有限公司

附件：1.2024年度山东省绿色工厂名单.pdf  
2.2024年度山东省绿色工业园区名单.pdf  
3.2024年度山东省绿色供应链管理企业名单.pdf  
4.山东省绿色制造单位动态管理调整表.pdf

山东省工业和信息化厅  
2024年6月11日

SUSTAINABILITY GOVERNANCE

The Group believes that strong governance is the key to a sustainable business. Throughout FY2024, we continue to comply with the Code of Corporate Governance 2018 of SGX-ST (the “Code”). Please refer to pages 51 to 77 for the details of corporate governance.

It is a continual challenge to successfully manage environmental and social issues. The Group has incorporated this into its business model and implemented sustainable and responsible practices throughout. Our products and services meet all the requirements demanded by our customers and the regulatory bodies.

The Group has set a management standard to demonstrate the supervision and governance of the Group’s business operations. A Supervisory Department was set up to ensure all employees fulfil their duties responsibly, act with integrity, and carry out their responsibilities correctly. The Supervisory Department conducts ongoing monitoring of production, operations, development, and other management activities to ensure high efficiency and orderly progress while safeguarding the interests of the Group and its shareholders. Should the Supervisory Department identify any problems, the relevant department should carry out an investigation and resolve the problems. The handling processes will be overseen by the Supervisory Department to ensure reasonableness of the actions taken, in compliance with legal regulations and the Group’s policies. These corporate governance practices emphasise transparency, accountability, and integrity within the Group, aiming to protect the interests of the stakeholders and maintain a strong organisational structure.

We will continue to comply with the Code and meet all requirements that are expected of us by our stakeholders.

ANTI-CORRUPTION

We prohibit corruption in any forms, including extortion and bribery. This has been made clear to all directors, employees, suppliers and business partners. We have established the Code of Discipline Supervision Management to govern the supervision of discipline. Stakeholders can report any possible misconduct including corruption, bribery, embezzlement, or abuse of power to the Group in means of phone, mail, email and WeChat. Any reports of corruption are escalated to the attention of the Executive Chairman. All cases that are proven to violate laws or practices will be reported to legal authorities. The Group strongly opposes any corrupt practices and adopts a zero-tolerance attitude towards corruption, fraud and malpractice.

In FY2024, the Group has provided anti-corruption training to all employees and members of the governance body, including the directors. The Group also carried out corruption risk assessments for 4 operations. The percentage of operations assessed for risk related to corruption is 100%. No significant risks related to corruption were identified for FY2024.

We have achieved the target set in FY2023 of maintaining zero incidents of corruption, fraud or malpractice for FY2024. There have also been zero (FY2023: Nil) reported incidents of corruption during FY2024. The Group has not received any reported incidents of corruption, fraud and malpractice and no employee has been investigated and disciplined for these aspects.

FY2025 target	Short-term (quantitative) target Maintain zero incidents of corruption.
	Short-term (quantitative) target Achieve zero fraud or malpractice.



# GOVERNANCE

## BUSINESS ETHICS AND COMPLIANCE

We take seriously any possibility of conflict of interest. Our Code of Conduct clearly spells out Sinostar Pec's expectations of our staff and the consequences if any of the rules are violated or standards are not met. We also have clear and fair grievance procedures. During FY2024, there was no allegation received.

Business ethics are communicated to all our heads of business units regularly and they must fully understand that compliance with rules and regulations is a key part of running a responsible business. The Group regularly updates key staff with development in international and local regulations. We fully comply with all environmental rules and regulations, anti-competitive behaviour laws and all requirements on health and safety.

Cyber security and data privacy are important, not just for compliance, but also in safeguarding both our data and that of our customers. The Group takes measures to guard against cyber risks for both its internal and external stakeholders by complying with the Personal Data Protection Act Policy. This policy also applies to the Group's employment process where the privacy of all applicants is safeguarded and accessing to personal data is restricted to authorised persons, such as senior management on a need-to-know basis.

The Group's commitment to business ethics is reflected in our comprehensive policies, including Code of Conduct, Personal Data Protection Act Policy, System of Fault Liability Investigation and Accountability and Quality Accountability System. By emphasising the importance of respecting human rights and applying precautionary principles, we uphold responsible business practices that we expect all employees to adhere to in their daily operations. This policy commitment extends to all areas of our operations and is effectively communicated to our valued stakeholders

For FY2024, we have achieved the target we set in FY2023 that there were zero (FY2023: Nil) significant fines or non-monetary sanctions for non-compliance with laws and regulations. We will continue to aim for ensuring that all allegations received are promptly addressed and for maintaining zero incidents of non-compliance with rules, laws, and regulations related to business ethics in FY2025.

### FY2025 target

#### Short-term (qualitative) target

Ensure that all allegations received are promptly addressed.

#### Short-term (quantitative) target

Maintain zero incidents of non-compliance with rules, laws, and regulations related to business ethics.

## ENTERPRISE RISK MANAGEMENT

As the Group does not have a risk management committee, the Board, the audit committee (the "AC") and the management of the Group assume the responsibility for the risk management function. Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for the overall internal control framework, but understands that no control system can eliminate the risk of errors and irregularities in a cost-effective manner. They understand that the purpose of the system is to manage, rather than eradicate, the potential for failure in achieving business objectives. While recognising the inherent limitations, the Board remains committed to minimising material losses to a reasonable level. They strive to implement measures that provide reasonable assurance against material misstatements or losses while acknowledging that absolute certainty cannot be guaranteed.

For detailed disclosure on ERM, please refer to pages 66 to 74.

We have achieved the target set in FY2023 of hiring an external organisation to review the ERM policies to ensure that all relevant risks are identified, communicated and addressed timely for FY2024.

### FY2025 target

#### Short-term (qualitative) target

Hire an external organisation annually to monitor and review ERM.



<b>Statement of use</b>	Sinostar PEC Holdings Limited has reported the information cited in this GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Location / Explanation</b>
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	<ul style="list-style-type: none"> <li>• Legal name: Sinostar PEC Holdings Limited</li> <li>• Nature of ownership and legal form: publicly owned incorporated entity</li> <li>• Location of headquarters and country of operation: PRC</li> </ul>
	2-2 Entities included in the organisation's sustainability reporting	SUSTAINABILITY REPORT: ABOUT THIS REPORT – REPORTING PERIOD AND SCOPE
	2-3 Reporting period, frequency and contact point	<ul style="list-style-type: none"> <li>• Reporting period: 1 January 2024 to 31 December 2024</li> <li>• Reporting frequency: annually</li> <li>• Publication date: 9 April 2024</li> <li>• Contact point: info@sinostar-pec.com</li> </ul>
	2-4 Restatements of information	SUSTAINABILITY REPORT: ENVIRONMENT
	2-5 External assurance	No external assurance was conducted for this Report, and we may seek external assurance in the future.
	2-6 Activities, value chain and other business relationships	SUSTAINABILITY REPORT: SOCIAL – DIVERSITY AND EQUAL OPPORTUNITY
	2-7 Employees	SUSTAINABILITY REPORT: SOCIAL - DIVERSITY AND EQUAL OPPORTUNITY
	2-9 Governance structure and composition	BOARD OF DIRECTORS; SUSTAINABILITY REPORT: ABOUT THIS REPORT – BOARD STATEMENT
	2-12 Role of the highest governance body in overseeing the management of impacts	SUSTAINABILITY REPORT: ABOUT THIS REPORT – BOARD STATEMENT
	2-13 Delegation of responsibility for managing impacts	SUSTAINABILITY REPORT: ABOUT THIS REPORT – BOARD STATEMENT
	2-14 Role of the highest governance body in sustainability reporting	SUSTAINABILITY REPORT: ABOUT THIS REPORT – BOARD STATEMENT
	2-22 Statement on sustainable development strategy	SUSTAINABILITY REPORT: ABOUT THIS REPORT – BOARD STATEMENT
	2-23 Policy commitments	SUSTAINABILITY REPORT: GOVERNANCE – BUSINESS ETHICS AND COMPLIANCE
	2-27 Compliance with laws and regulations	SUSTAINABILITY REPORT: GOVERNANCE – BUSINESS ETHICS AND COMPLIANCE ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	2-29 Approach to stakeholder engagement	SUSTAINABILITY APPROACH – STAKEHOLDER ENGAGEMENT
	2-30 Collective bargaining agreements	SUSTAINABILITY REPORT: SOCIAL

# GRI

## CONTENT INDEX

GRI Standard	Disclosure		Location / Explanation
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	SUSTAINABILITY REPORT: SUSTAINABILITY APPROACH – MATERIAL ASPECTS ASSESSMENT
	3-2	List of material topics	SUSTAINABILITY REPORT: SUSTAINABILITY APPROACH – MATERIAL ASPECTS ASSESSMENT
	3-3	Management of material topics	SUSTAINABILITY REPORT: SUSTAINABILITY APPROACH – MATERIAL ASPECTS ASSESSMENT
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	SUSTAINABILITY REPORT: ECONOMIC – ECONOMIC PERFORMANCE
	201-2	Financial implications and other risks and opportunities due to climate change	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	SUSTAINABILITY REPORT: GOVERNANCE – ANTI-CORRUPTION
	205-2	Communication and training about anti-corruption policies and procedures	SUSTAINABILITY REPORT: GOVERNANCE – ANTI-CORRUPTION
	205-3	Confirmed incidents of corruption and actions taken	SUSTAINABILITY REPORT: GOVERNANCE – ANTI-CORRUPTION
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	SUSTAINABILITY REPORT: ENVIRONMENT – ENERGY
	302-3	Energy intensity	SUSTAINABILITY REPORT: ENVIRONMENT – ENERGY
<b>GRI 303: Water and Effluents 2018</b>	303-2	Management of water discharge related impacts	SUSTAINABILITY REPORT: ENVIRONMENT – ENVIRONMENTAL COMPLIANCE
	303-3	Water withdrawal	SUSTAINABILITY REPORT: ENVIRONMENT – ENVIRONMENTAL COMPLIANCE
	303-5	Water consumption	SUSTAINABILITY REPORT: ENVIRONMENT – ENVIRONMENTAL COMPLIANCE
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	305-2	Energy indirect (Scope 2) GHG emissions	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	305-4	GHG emissions intensity	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION



GRI Standard	Disclosure	Location / Explanation
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system SUSTAINABILITY REPORT: SOCIAL – OCCUPATIONAL HEALTH AND SAFETY
	403-2	Hazard identification, risk assessment, and incident investigation SUSTAINABILITY REPORT: SOCIAL – OCCUPATIONAL HEALTH AND SAFETY
	403-4	Worker participation, consultation, and communication on occupational health and safety SUSTAINABILITY REPORT: SOCIAL – OCCUPATIONAL HEALTH AND SAFETY
	403-5	Worker training on occupational health and safety SUSTAINABILITY REPORT: SOCIAL – OCCUPATIONAL HEALTH AND SAFETY
	403-6	Promotion of worker health SUSTAINABILITY REPORT: SOCIAL – OCCUPATIONAL HEALTH AND SAFETY
	403-8	Workers covered by an occupational health and safety management system SUSTAINABILITY REPORT: SOCIAL – OCCUPATIONAL HEALTH AND SAFETY
	403-9	Work-related injuries SUSTAINABILITY REPORT: SOCIAL – OCCUPATIONAL HEALTH AND SAFETY
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees SUSTAINABILITY REPORT: SOCIAL – DIVERSITY AND EQUAL OPPORTUNITY
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken SUSTAINABILITY REPORT: SOCIAL – DIVERSITY AND EQUAL OPPORTUNITY
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programmes SUSTAINABILITY REPORT: SOCIAL – LOCAL COMMUNITIES
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories SUSTAINABILITY REPORT: SOCIAL – PRODUCT QUALITY
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services SUSTAINABILITY REPORT: SOCIAL – PRODUCT QUALITY
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data SUSTAINABILITY REPORT: SOCIAL – CUSTOMER SATISFACTION

TCFD Pillar	Recommended Disclosure	Location/ Explanation
<b>Governance</b>	Describe the board's oversight of climate-related risks and opportunities	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	Describe management's role in assessing and managing climate-related risks and opportunities	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
<b>Strategy</b>	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
<b>Risk Management</b>	Describe the organisation's processes for identifying and assessing climate-related risk	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	Describe the organisation's processes for managing climate-related risks	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
<b>Metrics and Target</b>	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	SUSTAINABILITY REPORT: ENVIRONMENT – CLIMATE CHANGE MITIGATION AND ADAPTATION

The Board of Directors (the “Board”) of Sinostar PEC Holdings Limited (the “Company”) recognises the importance of practicing good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

This Report describes the Company’s ongoing efforts in FY2024 in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2018 (the “Code”). Outlined below are the policies, processes and practices adopted by the Group in compliance with the principles and provisions of the Code. Appropriate explanations and/or alternative corporate governance practices adopted by the Company have been provided in the relevant sections below where there are deviations from the Code.

This report should be read as a whole, instead of being read separately under the different principles of the Code.

## STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 31 December 2024, the Company has generally adhered to the principles and guidelines as set out in the Code save as otherwise explained below.

## BOARD MATTERS

### The Board’s Conduct of Affairs

#### **Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company**

As at the date of this Annual Report, the Board comprises six (6) directors, which include one Executive Chairman, one Executive Director, one Non-Executive Director, and three Independent Non-Executive Directors, all of whom are from different disciplines and bring with them a diverse range of experience which will enable them to contribute effectively to the Company.

The principal functions of the Board, apart from its statutory responsibilities, include:

- providing entrepreneurial leadership, setting strategic directions and overall corporate policies of the Group;
- supervising, monitoring and reviewing the performance of the management team;
- ensuring the adequacy of internal controls, risk management and periodic reviews of the Group’s financial performance and compliance;
- setting the Company’s values and standards (including ethical standards) to meet its obligations to shareholders and other stakeholders, ensuring that the necessary human resources are in place;
- approving the annual budget, major investments and divestment proposals;
- assuming responsibility for good corporate governance practices;
- approving corporate or financial restructuring, share issuance, dividends and other returns to Shareholders, Interested Person Transactions of a material nature and release of the Group’s results for the first three (3) quarters and full year results; and
- setting an appropriate tone from-the-top and desired organisational culture, and ensures proper accountability within the Company.

When facing a conflict of interest, a Director excuses himself or herself or abstains from discussions and decisions involving the matter or issue of conflict.

# CORPORATE GOVERNANCE

All directors objectively discharge their duties and responsibilities at all times as fiduciaries and make decisions in the interests of the Company.

## Board Orientation and Training

When a new director is to be appointed, proper briefing or explanation will be given to the new director in respect of the regulatory requirements that a director has to comply with upon appointment, and the on-going obligations of a director under the Singapore Companies Act 1967, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and other regulatory requirements. The director is also given access to the Board resources, including the Company's constitutional and governing documents, Board and each committees terms of reference, the Group's policies, Annual Reports, Board meeting papers and other pertinent information for his reference.

In addition, the Company shall conduct an orientation programme for newly appointed directors to familiarize them with the businesses, operations, financial performance and key management staff of the Group. They also have the opportunity to visit the Group's operational facilities and meet with Management to obtain a better understanding of the business operations.

All directors who have no prior experience acting as directors of a listed company will undergo the necessary training and briefing on the roles and responsibilities as directors of a listed company. The Directors may also attend other appropriate courses, conferences and seminars at the Company's expense.

## Matters Requiring Board Approval

Matters which are specifically reserved for the decision of the full Board include:

- Group strategy, business plan and annual budget;
- material acquisition and disposal of assets;
- capital-related matters including financial re-structure, market fund-raising;
- share issuances, interim dividends and other returns to shareholders; and
- any investment or expenditures exceeding set material limit.

While matters relating to the Group's objectives, strategies and policies require the Board's decision and approval, Management is responsible for the day-to-day operation and administration of the Group.

## Delegation of the Board

The Board has delegated specific responsibilities to four committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Risk and Investment Committee ("IC"), to assist in the execution of its responsibilities. These committees operate within clearly defined terms of reference. All Board committees are actively engaged and play an integral role in ensuring good corporate governance in the Company and within the Group.

## Attendance at Board and Board Committee Meetings

The schedule of all Board and Board committee meetings and Annual General Meeting for the next calendar year is planned ahead at the beginning of each financial year, in consultation with the Directors. The Board meets at least once every quarter. It also holds ad-hoc meetings as and when circumstances require. The Company's Articles of Association provide for meetings of Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means. The Board and Board committees may also make decisions by way of circulating resolutions.



# CORPORATE GOVERNANCE

The attendance of the Directors at Board meetings, committees meetings, Extraordinary General Meeting and Annual General Meeting during the financial year under review is tabulated below:

Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee		Risk and Investment Committee	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Li Xiangping	4	4	–	–	–	–	–	–	1	1
Li Zhi	4	2	–	–	–	–	–	–	1	1
Zhao Jinqing*	2	2	2	2	1	1	1	1	–	–
Yan Tailing	4	4	–	–	–	–	–	–	1	1
Dr Chen Seow Phun, John	4	4	4	4	1	1	1	1	–	–
Jiang Xinglu	4	4	4	4	1	1	1	1	–	–
Liu Xiaoyan	4	4	–	–	–	–	–	–	–	–

Directors	EGM on 18 March 2024		AGM on 24 April 2024		EGM on 24 December 2024	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Li Xiangping	1	1	1	1	1	1
Li Zhi	1	1	1	1	1	1
Yan Tailing	1	1	1	1	1	1
Dr Chen Seow Phun, John	1	1	1	1	1	1
Jiang Xinglu	1	1	1	1	1	1
Liu Xiaoyan	1	1	1	1	1	1

\*Mr Zhao Jinqing - Retired as Director of the Company on 24 April 2024

## Access to information

Management acknowledges the importance of the complete, adequate and timely supply of information. Agenda, board papers and related materials, background or explanatory information relating to matters to be discussed at the Board meeting and Board committee meetings are distributed to all Directors in advance to allow sufficient time for Directors to prepare for meetings and facilitate effective discussion during meetings. Any additional materials or information requested by the Directors is promptly furnished.

Any material variance between the actual results and the budgets will be explained to the Board at the relevant time at the Board or Board committee meetings.

## Separate and independent access to Management, company secretary and external advisers

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor selected by the Group or the individual, approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

The Company Secretary attends all Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. All Directors have separate and independent access to the advice and services of the Company Secretary.

# CORPORATE GOVERNANCE

The Company Secretary or their representatives attend all Board and Board Committees meetings and prepare minutes of Board and Board Committees meetings and assist the Chairman in ensuring that Board procedures are followed and reviewed in accordance with the Company's Constitution so that the Board functions effectively and the relevant rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretaries are subjected to the approval of the Board.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board takes independent professional advice as and when it is necessary to enable it or the Independent Directors to discharge the responsibilities effectively.

## Board Composition and Guidance

### Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company

The Group endeavours to maintain a strong and independent element on the Board. Where the Chairman is not independent, the requirement of the Code is that at least the independent directors make up a majority of the Board. As the Chairman is not an Independent Director, currently the Board comprises one Executive Chairman, one Executive Director, one Non-Executive Director and three Independent Non-Executive Directors. Non-Executive Director and Independent Non-Executive Directors make up a majority of the Board. The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

As at the date of this report, the Board comprises the following directors:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee	Risk and Investment Committee
Li Xiangping	Executive (Executive Chairman and CEO)	–	–	–	Member
Yan Tailing	Executive (Deputy CEO and CFO)	–	–	–	Member
Dr Chen Seow Phun, John	Lead Independent Non-Executive	Member	Member	Chairman	–
Li Zhi	Non-Executive	–	–	–	Chairman
Jiang Xinglu	Independent Non-Executive	Chairman	Member	Member	–
Liu Xiaoyan	Independent Non-Executive	Member	Chairman	Member	–

## Board Independence

The criterion of independence is based on the Code. The Board considers an “independent” director as one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Group.

Each Independent Non-Executive Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. For FY 2024, the NC is of the view that all its Independent Non-Executive Directors have satisfied such criteria of independence as a result of its review. The independence of each Independent Non-Executive Director will be reviewed annually by the NC.

## Board Composition and Size

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board, the Board's composition, size, and balance are reviewed annually by the NC to ensure that the Board has the core competencies for effective functioning and informed decision-making. Board renewal and tenure are considered together and weighed for relevant benefit in the foreseeable circumstances which are appropriate for the size and nature of activities of the Group's businesses. The NC will also consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

Each Director has been appointed based on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. As each director brings valuable insights from different perspectives vital to the strategic interests of the Company, the Board considers that the Directors possess the necessary competencies to provide Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

The Board considers its present size of 6 members and composition appropriate to facilitate effective decision making, taking into account the nature and scope of the Group's operations and the wide spectrum of skill and knowledge of the Directors. The biographies of the Directors are set out in this Annual Report.

The Independent Non-Executive Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and the remuneration of the Executive Directors and executive officers. Where necessary, the Independent Non-Executive Directors meet and discuss on the Group's affairs without the presence of Management. The feedback and views expressed by the independent directors was communicated to the Board and the Chairman after the meeting as appropriate.

## Chairman and Chief Executive Officer

**Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management and no one individual has unfettered powers of decision-making**

The Group's Executive Chairman, Mr Li Xiangping ("Mr Li") is also the CEO of the Group. Mr Li is in charge of the management and day-to-day operation of the Group. He is also responsible for developing the overall strategic directions of the Group as well as the business strategies and policies of the Group.

As the Executive Chairman and Chief Executive Officer of the Company and bears executive responsibility for the Group's business performance. Mr Li leads the Board in encouraging constructive relations between the Board and Management, as well as between Board members. He promotes high standards of corporate governance. As CEO of the Company, he is also responsible for scheduling Board meetings as and when required, setting the agenda for Board meetings and ensuring the quality, quantity and timeliness of the flow of information between the Management the Board and shareholders.

The Board is of the view that with the appointment of Lead Independent Director and establishment of the four Board committees, there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual. In assuming their roles and responsibilities, the Executive Chairman and Chief Executive Officer consult with the Board and the respective Committees on major issues.

Dr Chen Seow Phun, John is the Lead Independent Non-Executive Director. The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

## Board Membership

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors taking into account the need for progressive renewal of the Board**

The NC comprises the following members:

Liu Xiaoyan (Chairman)  
Dr Chen Seow Phun, John  
Jiang Xinglu

# CORPORATE GOVERNANCE

Mr Liu Xiaoyan (“NC Chairman”), Dr Chen Seow Phun, John and Mr Jiang Xinglu are Independent Non-Executive Directors. The terms of reference of the NC have been approved and adopted. The duties and powers of the NC include making recommendations to the Board on the following:

- all Board appointments and re-nominations having regard to the director’s contribution and performance (such as attendance, preparedness, participation and candour);
- ensuring that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- determining annually whether a director is independent in accordance with paragraph 2.3 of the Code;
- formulating and deciding whether a director is able to and has adequately carried out his duties as a director of the Company in particular, where the director concerned has multiple board representations;
- assessing the effectiveness of the Board as a whole the board committees and the contribution by each director to the effectiveness of the Board;
- review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- the process and criteria for evaluation of the performance of the Board, its board committees and directors; and
- review of training and professional development programmes for the Board and its directors. The NC will ensure that new directors are aware of their duties and obligations and decide whether a director is able to and has been adequately carrying out his or her duties as a director of the Company.

The dates of initial appointment of each Director, together with their directorships in other listed companies are set out below:

Name of director	Appointment	Date of initial appointment	Date of last re-election	Current Directorships in listed companies	Past Directorships in listed companies
Li Xiangping Age: 64	Executive Chairman and CEO	6 July 2006	26 April 2023	None	None
Yan Tailing Age: 56	Executive Director, Deputy CEO and CFO	20 May 2021	26 April 2023	None	None
Dr Chen Seow Phun, John Age: 71	Lead Independent Non-Executive Director	1 June 2021	24 April 2024	Cosco Shipping International (Singapore) Co. Ltd	Fu Yu Corporation Limited Hong Lai Huat Group Limited Hiap Seng Engineering Ltd. Pavillon Holdings Ltd. OKP Holdings Limited PSC Corporation Ltd. (Fka Hanwell Holdings Limited) Matex International Limited Tat Seng Packaging Group Ltd.



Name of director	Appointment	Date of initial appointment	Date of last re-election	Current Directorships in listed companies	Past Directorships in listed companies
Li Zhi Age: 39	Non-Executive Director	29 April 2019	28 April 2022	None	None
Jiang Xinglu Age: 54	Independent Non-Executive Director	13 July 2021	24 April 2024	Liqun Commercial Group Co., Ltd.  Bank of Qingdao Company Limited (member of supervisory Board)	Qingdao Copton Technology Co. Ltd.  Qingdao Qinghe Artificial Turf Co., Ltd.  Qingdao Eastsoft Communication Technology Co., Ltd.  Hailir Pesticides and Chemicals Group Co., Ltd.  Tsingtao Brewery Co Ltd.
Liu Xiaoyan Age: 56	Independent Non-Executive Director	9 December 2021	24 April 2024	Zhongxin Fruit and Juice Limited	None

## Selection Criteria and Nomination Process for New Directors

In the selection process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources such as recommendations from the Board or Management. Thereafter, the NC conducts an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and right skills will be considered before the NC makes its recommendations to the Board.

There is no alternate director being appointed to the Board for the financial year ended 31 December 2024.

## Review of Director's independence

The NC reviews annually the independence declarations made by the Company's Independent Non-Executive Directors based on the criterion of independence under the Provisions of the Code. For the year under review, the NC has ascertained the independent status of the three Independent Non-Executive Directors of the Company. The Board has also reviewed the number of years served by each Independent Non-Executive Director.

## Directors' Time Commitment

The NC had reviewed the multiple listed company board representations held presently by the Directors and is of the opinion that they do not impede the Directors' performance in carrying out their duties to the Company. Although some of the Board members have multiple listed company board representations, the NC had ascertained that for the period under review, the Directors had devoted sufficient time and attention to the Group's affairs. Further, the Board is also of the view that such multiple listed company board representations of the Independent Directors may benefit the Group, as the Directors are able to bring with them the experience and knowledge obtained from such board representations in other listed companies. Accordingly, it is not necessary at this stage to set a maximum limit on the number of listed company board representations and other principal commitments but would assess each Director on a case by case basis.

## Rotation and Re-election of Directors

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 104 of the Company's Articles of Association, one-third of the Directors shall retire from office at least once every three years at the Company's Annual General Meeting ("AGM"). In addition, Article 106 of the Company's Articles of Association provides that the retiring directors are eligible to offer themselves for re-election.

# CORPORATE GOVERNANCE

Pursuant to Article 114 of the Company's Articles of Association, Directors shall have power at any time to appoint any other qualified person as Director either to fill a casual vacancy or as an addition to the Board. But any Director so appointed shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election. At the forthcoming AGM, Mr Li Zhi and Mr Yan Tailing will be retiring by rotation pursuant to the Article 104 of the Articles and Association. Mr Li Zhi and Mr Yan Tailing being eligible for re-election had offered themselves for re-election. The key information on Mr Li Zhi and Mr Yan Tailing can be found in the Board of Directors' section of the Annual Report. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information set out in Appendix 7.4.1 relating to the above Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below:

Name of Director	Li Zhi	Yan Tailing
Date of appointment	29 April 2019	20 May 2021
Date of last re-appointment	28 April 2022	26 April 2023
Age	39	56
Country of principal residence	PRC	PRC
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr Li Zhi's requisite knowledge and experiences to assume the responsibilities as Non Executive Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr Yan Tailing's requisite knowledge and experiences to assume as Executive Director, Deputy CEO cum CFO of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Mr Yan is responsible for overall management, finance and operations, as well as business development for the Group.
Job title (e.g. Lead ID, AC Chairman, AC Member, etc.)	Non-Executive Director, Chairman of Risk and Investment Committee.	Executive Director, Deputy CEO cum CFO and a member of Risk and Investment Committee.
Professional qualifications	Master's degree in Business Administration at Guanghua School of Management, Peking University  School of Economics and Management of Beijing Jiaotong University Bachelor's degree in Information Management and Information Systems.	Junior College, Engineering Economy and Finance, Shandong Water Conservancy college
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Son of the Company's Executive Chairman and Substantial shareholder Mr Li Xiangping	None
Conflict of interest (including any competing business)	Director and CEO of Shandong Dongming Petrochem Group Co., Ltd.	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes.	Yes.

# CORPORATE GOVERNANCE

Name of Director	Li Zhi	Yan Tailing
<b>Working experience and occupation(s) during the past 10 years</b>	<p>July 2007 to April 2017 Business Executive and Business Manager Petro China International Co., Ltd.</p> <p>April 2017 till current General Manager Pacific Commerce (Holdings) Pte. Ltd.</p> <p>December 2020 till Current Director and CEO of Shandong Dongming Petrochem Group Co., Ltd.</p>	<p>August 2010 to May 2013 Shandong Dongming Petrochem Group Co., Ltd. Finance director</p> <p>June 2013 to December 2015 Shandong Dongming Petrochem Group Co., Ltd. Deputy General Manager of Fund Management</p> <p>January 2016 to February 2018 Hong Kong Hengfeng Oil Trade Co., Limited, Director and Deputy General manager</p> <p>March 2018 to January 2020 Shandong Dongming Yinglun Petrochemical Co., Ltd., CFO and Board Secretary</p> <p>March 2021 to Current Deputy CEO and CFO Sinostar Pec Holdings Limited</p>
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	None	None
<b>Shareholding details</b>	N.A	N.A
<b>Past (for the last five years)</b>	None	None
<b>Present</b>	<p>Pacific Commerce (Holdings) Pte. Ltd.</p> <p>Pacific Commerce Shipping Pte. Ltd.</p> <p>Intelligent People Holdings Limited</p> <p>Dongming Hengchang Petrochemical Co., Ltd.</p> <p>Shandong Hong Li Yuan Stock Limited Company</p> <p>Shandong Dongming Petrochem Group Co., Ltd.</p> <p>Qingdao Xinrenfeng Crude oil trading</p> <p>Shandong Dongming Petrochem Group Finance Co., Ltd.</p> <p>Hong Kong Hengfeng Oil Trade Co., Limited</p> <p>Top Pride Group Holdings Ltd.</p>	Hong Kong Hengfeng Oil Trade Co., Limited

# CORPORATE GOVERNANCE

Name of Director	Li Zhi	Yan Tailing
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within two years from the date he/she ceased to be a partner?	No.	No.
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a Director or an equivalent person or a key executive, at the time when he/she was a Director or an equivalent person or a key executive of that entity or at any time within two years from the date he/she ceased to be a Director or an equivalent person or a key executive of that entity, for the windingup or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No.	No.
(c) Whether there is any unsatisfied judgement against him/her?	No.	No.
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No.	No.
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No.	No.



Name of Director	Li Zhi	Yan Tailing
(f) Whether at any time during the last 10 years, judgement has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No.	No.
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or the Management of any entity or business trust?	No.	No.
(h) Whether he/she has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the Management of any entity or business trust?	No.	No.
(i) Whether he/she has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No.	No.

# CORPORATE GOVERNANCE

Name of Director	Li Zhi	Yan Tailing
<p>(j) Whether he/she has ever, to his/her knowledge, been concerned with the Management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <ul style="list-style-type: none"> <li>any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> </ul>	<p>No.</p> <p>No.</p>	<p>No.</p> <p>No.</p>
<p>(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>No.</p>	<p>No.</p>

## Key Information on Directors

Key information on each Director is set out on pages 13 to 16 of the Annual Report.

## Board Performance

### Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors

The Board's performance is linked to the overall performance of the Group. The Board should ensure compliance with the applicable laws and the Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders.

The NC recommends for the Board's approval the objective performance criteria and process for assessing the effectiveness of the Board as a whole, and for each board committee separately, as well as the contribution by the Chairman and of each individual director to the Board. The Board's performance assessment is undertaken collectively and informally on a continual basis by the NC with input from the other Board members. A formal review of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board is conducted annually by way of a Board Evaluation Questionnaire, which is circulated to the Board members for completion and thereafter, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC to review to determine the actions required to improve the corporate governance of the company and effectiveness of the Board, Board committees as well as Individual Directors of the Board.

For financial year ended 31 December 2024, individual assessment of directors had been conducted at the NC meeting held on 24 February 2025. The criteria for assessment include performance of principal functions and fiduciary duties, level of participation at meetings and individual attendance record.

The NC has assessed the current Boards performance to-date and is of the view that the performance of the Board as a whole is adequate to measure the effectiveness of the Board's performance. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration**

As at the date of this Annual Report, the RC comprises the following members:

Dr Chen Seow Phun, John (Chairman)  
Jiang Xinglu  
Liu Xiaoyan

Dr Chen Seow Phun, John (RC Chairman), Mr Jiang Xinglu and Mr Liu Xiaoyan are Independent Non-Executive Directors. The terms of reference of the RC have been approved and adopted. The duties and powers of the RC include:

- recommending to the Board a framework of remuneration for the directors and senior management;
- recommending to the Board specific remuneration packages for each Director and key management personnel. The RC should cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind. In setting remuneration packages, the RC should be aware of pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of individual directors;
- the remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised;
- in the case of service contracts of Directors, reviewing and recommending to the Board the terms of renewal of the service contracts. There should be a fixed appointment period for all directors after which they are subject to re-election. The service contracts should not be excessively long or with onerous removal clauses. The RC should consider what compensation commitments the directors' contracts of service, if any, would entail in the event of early termination. The RC should aim to be fair and avoid rewarding poor performers; and
- considering the various disclosure requirements for directors' and key executives' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

The Executive Directors' remuneration packages are based on service contracts. Independent Non-Executive Directors are paid yearly directors' fees of an agreed amount and these fees are subject to shareholders' approval at AGM.

The RCs recommendations are submitted for endorsement by the entire Board. The overriding principle is that no director should be involved in deciding his own remuneration.

# CORPORATE GOVERNANCE

The RC will seek independent expert advice inside and/or outside the Company on the remuneration of Executive Directors and key management personnel, and those employees related to the Executive Directors and controlling shareholders of the Group, if necessary. The Company has not engaged any remuneration consultants.

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company**

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors are commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry and incomparable companies. The remuneration package also takes into account the Company's relative performance and the performance of individual directors.

The Non-Executive and Independent Non-Executive Directors are paid Directors' fees, taking into account factors such as effort and time spent, and responsibilities of the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

The Executive Directors do not receive Directors' fees. The remuneration packages of the Executive Directors include basic salary and year end performance bonus.

In respect of the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, the RC is of the view that this contractual provision may not be required after taking into account the variable components of the Executive Directors and the key management personnel. Apart from the foregoing, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Notwithstanding the foregoing, the RC does not rule out the implementation of such contractual provisions in future and will review and monitor the situation regularly.

## Remuneration of Non-Executive Directors

The Independent Non-Executive Directors receive directors' fees, in accordance with their contributions, taking into account factors such as responsibilities, effort and time spent for serving the Board and Board Committees. For the financial year ending 31 December 2025, directors' fees of S\$190,000 are recommended by the Board and subject to the approval of shareholders at the Company's AGM to be held on 24 April 2025.



## DISCLOSURE ON REMUNERATION

**Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation**

Details of the remuneration of Directors of the Company and top three key management personnel of the Group for the financial year ended 31 December 2024 are set out below:

Remuneration bands	Salary <sup>(1)</sup> S\$	Variable or performance related income/ bonuses S\$	Directors' fees S\$	Total S\$
<b>Directors</b>				
Li Xiangping	–	–	–	–
Li Zhi	–	–	–	–
Zhao Jinqing	–	–	22,488	22,488
Yan Tailing	156,000	13,000	–	169,000
Dr Chen Seow Phun, John	–	–	70,000	70,000
Jiang Xinglu	–	–	60,000	60,000
Liu Xiaoyan	–	–	60,000	60,000
<b>Executive Officers</b>				
Li Dan	20,253	19,070	–	39,323
Huang Qiansheng	20,590	29,388	–	49,978
Li Tao	25,987	50,463	–	76,450

Note:

(1) Salary is inclusive of salary, allowances, Central Provident Fund contributions and pension funds.

In aggregate, the total remuneration paid to the top three key management personnel (excluding Executive Director) in financial year ended 31 December 2024 is S\$165,751.

There is no employee in the Group who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$100,000 during the financial year ended 31 December 2024.

The Company has not implemented any employee share scheme during the financial year ended 31 December 2024.

There are no other forms of remuneration and other payments and benefits paid by the company and its subsidiaries to directors and key management personnel of the company.

The Company has further set out information regarding its remuneration policies, procedures for setting remuneration and relationships between remuneration, performance and value creation under provisions 6 and 7 in its report on corporate governance. Accordingly, the Company is of the view that its practices are consistent with the intent of provision 8 of the Code.

# CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders**

Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed.

The AC makes enquiries with, and relies on reports, from the internal and external auditors on any material non-compliance and internal control weaknesses. The AC has reviewed with internal and external auditors their findings during their audit for the financial year under review. The external auditors, in the course of conducting their annual audit procedures on the statutory financial statements, also reviewed the Group's significant internal financial controls to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the internal and external auditors are reported to the AC together with their recommendations. The Management would then take appropriate actions to rectify the weaknesses highlighted.

Except for the non-compliant past recurrence IPT details mentioned in the Circular to Shareholders dated 1 March 2024 and the subsequent ratification of the same in the EGM dated 18 March 2024, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and the documentation on the Group's key risks referred to above, reviews performed by Management, AC and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational compliance and information technology controls and risk management systems, were adequate as at 31 December 2024. This is in turn supported by assurance from the CEO and the CFO that:

- (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and are in accordance with the relevant accounting standards; and
- (b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of the risk management and internal controls systems which could adversely affect the Company's ability to record, process, summarise or report financial data and that the risk management and internal control systems are adequate and effective.

### Interested Person Transactions

The Company is required to comply with the requisite rules under Chapter 9 of the SGX-ST Listing Manual for interested person transactions.

All interested person transactions will be properly documented and submitted to the AC for quarterly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

In addition, an interested person transaction of a value equal to or more than 3% of the Group's latest audited net tangible assets will be approved by the AC prior to entry into such transactions. In the event that a member of the AC is interested in any interested person transaction, he will abstain from reviewing that particular transaction.

The Board will ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting standards are complied with.

A summary of the interested person transactions for FY2024 is as follows:

Note Rule 920(1)(a)(i) - 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 <b>January to December 2024:-</b></p> <p>Transactions between</p> <p>Dongming Hengchang Petrochemical Co., Ltd. (东明恒昌化工有限公司) and its subsidiary</p> <p>Dongming Qianhai Petrochemical Co., Ltd. (东明前海化工有限公司) (transactions are subject to consolidation group eliminations)</p> <ul style="list-style-type: none"> <li>- Logistics &amp; Transport Related Services</li> <li>- Purchase of Utilities</li> <li>- Sale of Utilities</li> <li>- Sale of Processed LPG</li> <li>- Purchase of Propylene</li> <li>- Sale of Recycled Propylene</li> <li>- Purchase of Hydrogen</li> </ul>		<p>21,498,306</p> <p>9,909,962</p> <p>5,411,551</p> <p>957,241,967</p> <p>453,056,142</p> <p>92,630</p> <p>367,000</p>
<p>Dongming Zhongyou Fuel &amp; Petrochemical Co., Ltd. (东明中油燃料石化有限公司)</p> <ul style="list-style-type: none"> <li>- Logistics &amp; Transport Related Services</li> <li>- Purchase of Utilities</li> <li>- Sale of Utilities</li> <li>- Purchase of raw LPG</li> <li>- Sale of Processed LPG</li> <li>- Purchase of Propylene</li> <li>- Sale of Recycled Propylene</li> <li>- Sale of hydrogen</li> <li>- Purchase parts and components</li> <li>- Maintenance of parts and components</li> <li>- Purchase of C4</li> <li>- Purchase of Butene</li> </ul>		<p>85,803,059</p> <p>60,903,691</p> <p>10,102,760</p> <p>2,651,427,573</p> <p>153,040,044</p> <p>419,769,352</p> <p>15,349,366</p> <p>247,927,359</p> <p>181,319</p> <p>2,286</p> <p>57,661,802</p> <p>448,767</p>

# CORPORATE GOVERNANCE

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)		
- Logistics & Transport Related Services		5,010,790
- Purchase of Utilities		47,830,033
- Sale of Utilities		1,876
- Accrued Interest on Loan from Non-controlling interest		8,424,653
Dongming Qianhai Reli Co., Ltd. (东明前海热力有限公司)		
- Logistics & Transport Related Services		17,278,500
- Purchase of Utilities		404,453,909
- Sale of Utilities		117,019,322
Dongming Crude Oil Distribution Co., Ltd. (东明石油经销有限公司)		
- Purchase of parts and packaging materials		807,611
Shandong Dongming Lishu Petroleum Co., Ltd. (山东东明梨树化学有限公司)		
- Logistics & Transport Related Services		3,976,432
- Purchase of Utilities		13,883
- Sale of Utilities		268,778
- Purchase of raw LPG		199,032,513
- Sale of Processed LPG		247,620,231
Dongming Running Oil Products Distribution Co., Ltd. (东明润明油品销售有限公司)		
- Logistics & Transport Related Services		319,229
Dongming WanHaiLuiJian Petrochemical Co., Ltd. (东明万海氯碱化工有限公司)		
- Logistics & Transport Related Services		16,697,385
- Purchase chemical excipients		594,076
Jiangsu Xinhai Petrochem Co., Ltd. (江苏新海石化有限公司)		
- Logistics & Transport Related Services		42,529,431
Dongming Jie-Yuan Environmental Technology Co., Ltd. (东明洁源环保科技有限公司)		
- Procurement of sewage treatment services		5,495,035



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 Lu Ban Construction Co., Ltd. (山东东明石化集团鲁班建筑有限公司) - Logistics & Transport Related Services - Maintenance of parts and machineries		15,612,187 4,748,948
Jiangsu Xinhai New Energy Co., Ltd. (江苏新海新能源有限公司) - Logistics & Transport Related Services		684,027
Dongming Qingyuan Co., Ltd. (东明清源水务有限公司) - Purchase of Utilities		1,558,450
Shandong Huawang Reli Co., Ltd. (山东华旺热力有限公司) - Logistics & Transport Related Services - Maintenance of parts and machineries - Purchase of Utilities		5,167,822 367,852 30,914,937
Shandong Dongming Yinglun Petrochemical Co., Ltd. (山东东明英伦石油有限公司) - Logistics & Transport Related Services		4,609,797
Shandong Dongming Henan Distribution Co., Ltd. (山东东明石化集团河南销售有限公司) - Logistics & Transport Related Services		11,460,482
Jiangsu Xinyang International Trading Co., Ltd. (江苏新洋国际贸易有限公司) - Logistics & Transport Related Services - Purchase of Raw LPG		16,313,526 31,450,858
Hubei Zhongkun Dongming Petrochem Co., Ltd. (湖北中坤东明石化有限公司) - Logistics & Transport Related Services		1,667,629
Shandong Dongming Shengli Energy Co., Ltd. (山东东明石化集团胜利能源有限公司) - Logistics & Transport Related Services		3,311,776
Shandong Dongming Huahe Energy Co., Ltd. (山东东明石化集团华和能源有限公司) - Logistics & Transport Related Services		1,225,173

# CORPORATE GOVERNANCE

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 Changshunda Technology Co., Ltd. (山东昌顺达网络科技有限公司青岛分公司) - Logistics & Transport Related Services		9,143,879
Hubei Dongming Petrochem Co., Ltd. (湖北东明石化有限公司关东加油站) - Logistics & Transport Related Services		2,634,814
Shandong Dongming Jining Energy Co., Ltd. (山东东明石化集团济宁能源销售有限公司) - Logistics & Transport Related Services		774,514
Hubei Dongming Petrochemical Co., Ltd. (Huangzhou Santahe Gas Station) (湖北东明石化有限公司黄州三台河加油站) - Logistics & Transport Related Services		691,646
Guanan County Nanhu Gas Station (灌南县南湖加油站) - Logistics & Transport Related Services		535,754
Jiangyin Changjing Water Conservancy Machinery Co., Ltd. (江阴市长泾水利农机有限公司) - Logistics & Transport Related Services		571,482
Guanan Zhonglou Distribution Co., Ltd. (灌南钟楼油品销售有限公司) - Logistics & Transport Related Services		546,720
Dongming Petrochem Wuhan Xinzhou Co., Ltd. (东明石化武汉新洲有限公司) - Logistics & Transport Related Services		592,446
Shandong Advanced Chemical Research Institute (山东高端化工研究院) - Technology Development Fee^	1,886,792	

^ These interested parties transactions are not covered under existing IPT mandate approved by shareholders.

## Internal Code on Dealings in Securities

The Company has adopted and implemented policies in line with the Rule 1207(19) of the SGX-ST Listing Manual in relation to the dealing of shares of the Company. The policies have been made known to Directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

The Company has procedures in place prohibiting Directors and officers from dealing in the Company's shares during the two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and the one month before the announcement of the Company's full year financial statements ("Prohibited Periods"), or if they are in possession of unpublished material price-sensitive information of the Group.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the laws on insider trading.

The Board confirms that for the financial year ended 31 December 2024, the Company has complied with Listing Rule 1207(19).

## **Audit Committee**

### **Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively**

The AC comprises the following members:

Jiang Xinglu (Chairman)  
Dr Chen Seow Phun, John  
Liu Xiaoyan

Mr Jiang Xinglu (Chairman of the AC), Dr Chen Seow Phun, John and Mr Liu Xiaoyan are Independent Non-Executive Directors of which Mr Jiang and Dr Chen, both have recent and relevant accounting or related financial management expertise or experience.

The terms of reference of the AC have been approved and adopted. The roles and functions of the AC include:

- reviewing with the independent auditor their audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the Management's response;
- reviewing the internal control and procedures and ensuring co-ordination between the independent auditor and the Management, reviewing the co-operation and assistance given by the Management to the independent auditor, and discussing problems and concerns, if any, arising from the interim and final audits and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- ensuring that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management;
- reviewing and ensuring the integrity of the financial statements of the Group before submission to the Board focusing, in particular, on significant financial reporting issues, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory or regulatory requirements;
- commissioning, reviewing and discussing with the independent auditor, if necessary, any suspected fraud or irregularity, or suspected failure of internal controls, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response;

# CORPORATE GOVERNANCE

- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the independent auditor, and where the independent auditor also supply a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- to review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- reviewing the independence of the independent auditor annually, and recommending to the Board the appointment, re-appointment or removal of the independent auditor and recommending to the Board the remuneration and terms of engagement of the independent auditor;
- approving internal control procedures and arrangements for all interested person transactions;
- ensuring that arrangements are in place for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence and that there is independent investigation of such matters and appropriate follow up action;
- reviewing transactions falling within the scope of the SGX-ST Listing Manual, in particular, matters pertaining to Interested Person Transactions and Acquisitions and Realisations as laid down in Chapters 9 and 10 respectively;
- reviewing any potential conflicts of interests;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- deciding on the appointment, termination and remuneration of the head of the internal audit function;
- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- generally undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

## Whistle-blowing Policy

The Company has put in place a whistle-blowing policy and procedure, which provides staff with well-defined and accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence and there is independent investigation of such matters and appropriate follow-up action.

There were no whistle-blowing letters received during the financial year and until the date of this report.

The AC held 4 meetings during the financial year under review. It has reviewed the financial statements of the Group for the purpose of the first three (3) quarters and annual results released before they were submitted to the Board for approval. It has also met with the Company's internal and independent auditors (without the presence of Management) to review their audit plans and results, and has separate and independent access to the auditors. The AC shall have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any director or executive officer of the Group to attend its meetings, and be given reasonable resources to enable it to discharge its functions properly and effectively.

In addition to the foregoing, the AC is assisted by the Risk and Investment Committee ("IC"), which was formed in FY2015 as part of the Company's efforts to strengthen its investment risk management processes and framework.

The IC comprising the following members:

Li Zhi (Chairman)  
Yan Tailing  
Li Xiangping



Mr Li Zhi is a Non-Executive Director, Mr Yan Tailing is an Executive Director, whilst Mr Li Xiangping is the Executive Chairman. The terms of reference of the IC, which have been approved and adopted are as follows:-

- to analyse economic and systematic risks and evaluate its impact on the company;
- to develop risk management policies and processes;
- to oversee and monitor the investment risk management policies and process of the company and its subsidiaries;
- to evaluate and review major investments, capital investments and financing and make recommendation to Board for consideration;
- to determine the matters delegated by the Board on an urgent basis; and
- such other matters as may be assigned by the Board from time to time.

The AC meets with the independent auditor, without the presence of the Management, at least annually.

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its independent auditor.

For the year ended 31 December 2024, the amount of audit fees paid or payable to independent auditor of the Group amounted to S\$201,800, including audit fee of S\$198,000 and non-audit fee of S\$3,800. The AC has reviewed the non-audit services provided by the independent auditor and is satisfied that the non-audit services would not affect the independent and objectivity of the independent auditor.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the independent auditor.

No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX-ST, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("KAM"). The AC considered the KAM presented by the independent auditor together with Management. The AC reviewed the KAM and concurred and agreed with the independent auditor and Management on their assessment, judgements and estimates on the significant matter reported by the independent auditor.

## Internal Audit

The Audit Committee has outsourced its internal audit function to BDO Advisory Pte Ltd, which is an established international auditing firm. BDO conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal Auditors.

The BDO Advisory Pte Ltd Engagement Partner has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. BDO performs outsourced internal audits of several listed companies, government bodies and regulated entities. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience.

The Audit Committee is hence satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals based on the internal audits conducted for FY2024.

The Company has engaged BDO Advisory Pte Ltd as an internal auditor to conduct review of the systems of internal controls in selected areas and to report independently the findings and recommendations of any internal control weaknesses to the AC and to the Management for remedial action.

# CORPORATE GOVERNANCE

The internal auditors have a direct and primary reporting line to the Chairman of the AC and the internal auditors would report administratively to the Chief Executive Officer and assist the Board in monitoring and managing business risks and internal controls of the Group. The AC reviews and approves the internal audit plan prior to the commencement of the audit. Reports from the internal auditors containing the summary of findings and recommendations for improvements (if any), are tabled and discussed at meetings by the AC members.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors carry their internal audits based on the BDO Global Internal Audit Methodology which consistent with the International Professional Practices Framework established by the Institute of Internal Auditors.

The AC has reviewed the internal audit plan and the internal auditor's evaluation of the Group's system of internal controls, their audit findings and the Management's response to those findings. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

**Principle 14: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects**

#### Procedures for shareholders to convene Extraordinary General Meetings and Annual General Meetings

##### **(a) Pursuant to the Articles**

Subject to the provisions of the Act as to special resolutions and special notice, at least fourteen days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which notice is given) of every general meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company. Provided that general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

- (1) in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and
- (2) in the case of an extraordinary general meeting by that number or majority in number of the Members having a right to attend and vote thereat as is required by the Act.

Provided also that the accidental omission to give notice to, or the non-receipt by, any person entitled thereto shall not invalidate the proceedings at any general meeting.

- (1) Every notice calling a general meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.
- (2) In the case of an annual general meeting, the notice shall also specify the meeting as such.
- (3) In the case of any general meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.

**(b) Pursuant to the Act**

- (i) Convening of an extraordinary general meeting on requisition
  - (a) the Directors of the Company, notwithstanding anything in its Articles, shall, on the requisition of members holding at the date of the deposit of the requisition not less than 10% of such of the paid-up capital as at the date of the deposit carries the right of voting at general meetings immediately proceed duly to convene an extraordinary general meeting of the Company to be held as soon as practicable but in any case not later than 2 months after the receipt by the Company of the requisition.
  - (b) The requisition shall state the objects of the meeting and shall be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.
  - (c) If the Directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting the requisitionists, or any of them representing more than 50% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by Directors convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from that date.
  - (d) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors to convene a meeting shall be paid to the requisitionists by the Company, and any sum so paid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the Directors as were in default.
  - (e) A meeting at which a special resolution is to be proposed shall be deemed not to be duly convened by the Directors if they do not give such notice thereof as is required by the Act in the case of special resolutions.
- (ii) Calling of meetings
  - (a) Two or more members holding not less than 10% of the total number of issued shares of the Company (excluding treasury shares) may call a meeting of the Company.
  - (b) A meeting of a Company or of a class of members, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than 14 days or such longer period.
  - (c) A meeting shall, notwithstanding that it is called by notice shorter than is required by paragraph (ii) (b), be deemed to be duly called if it is so agreed:
    - (1) In the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; or
    - (2) In the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than 95% of the total voting rights of all the members having a right to vote at that meeting.

All shareholders receive notices of general meetings by post within the mandatory period. Annual Reports, Circulars and Notices of general meetings are announced through SGXNet.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. A shareholder may appoint up to two proxies to attend and vote on his behalf at the meeting through proxy forms deposited 48 hours before the meeting. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

# CORPORATE GOVERNANCE

All Directors, Management, Company Secretary, independent auditor and legal advisors (if necessary), attend the general meetings. The procedures of general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Director on their views on matters relating to the Company. To enhance shareholder participation, the Company's Articles of Association allows all resolutions at general meetings to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings.

Minutes of AGMs and other General Meetings are prepared and made available to shareholders upon their written request. The minutes of AGM and EGM, which include a summary of substantial and relevant comments or queries received from shareholders and responses from the Board and Management, are published via SGXNet.

All Directors are expected to attend AGMs and other General Meetings held by the Company. Directors' attendance for the AGM and EGMs held in 2024 can be found on page 53 of this report.

The polling results are also announced to the SGX-ST and posted on the Company's website after the meetings.

The Board has a responsibility to present a fair assessment of the Group's position, including the prospects of the Group in all announcements (including financial performance reports) made to the public via SGXNet and the annual report to shareholders, as required by the SGX-ST.

The Board provides shareholders with financial statements for the first three quarters and full financial year within the timeframe in line with Rule 705 of the Listing Manual of SGX-ST. In presenting the annual and quarterly financial statement to shareholders, the Board aims to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

Management provides the Board with management accounts, operations review and related explanation and any other information as the Board may require together with the financial statements on a quarterly basis. The Audit Committee reviews the financial statements and reports to the Board for approval. The Board authorises the release of the results to the SGX-ST and the public via SGXNet.

The Board has also taken steps to ensure compliance with legislative and regulatory requirements. In line with the requirements under the rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the CEO and CFO have provided assurance to the Board on the integrity of the Group's financial statements.

The Company does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

## ENGAGEMENT WITH SHAREHOLDERS

**Principle 15: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company**

The Company's quarterly, half year and full year announcements are issued via SGXNet and the Company's website at [www.sinostar-pec.com](http://www.sinostar-pec.com). The Company discloses all material information on a timely basis and to all shareholders.

The Company supports the Code's principle to encourage communication with and participation by shareholders. Shareholders are encouraged to attend the Annual General Meeting (AGM) to ensure a greater level of shareholder participation. The Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in place of the shareholder. Shareholders are given the opportunity to pose questions to the Board or the Management at the AGM. The members of the AC, NC and RC will be present at the AGM to answer questions relating to matters overseen by the committees. The independent auditor will also be present to assist the directors in addressing any queries posed by the shareholders.



By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company's investor relations (IR) team is led by the Executive Directors who is responsible for integrating finance, accounting, corporate communications and legal compliance to enable effective communication between the Company and investors. The Company conducts briefings to present its financial results to the media and analysts. Outside of the financial announcement periods, when necessary and appropriate, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. Annual reports that are prepared and issued to all shareholders within the mandatory period. The notice of AGM is also released through SGXNet and published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the close of the financial year.

## MANAGING STAKEHOLDERS RELATIONSHIPS

**Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served**

The Company regularly engage our stakeholders through various media and channels to ensure that our business interests are aligned with those of our stakeholders. Our stakeholders have been identified as those who are impacted by our business and operations and those who are similarly able to impact our business and operations. We have identified six stakeholders groups through an assessment of their significance to our operations. They are namely, customers, employees, suppliers, shareholders, community and government regulators.

The Company has identified key areas of focus in relation to the management of stakeholder relationships. For details on the key areas of focus, please refer to the Sustainability Report on pages 20 to 50 of this Annual Report.

The Company maintains a corporate website at [www.sinostar-pec.com](http://www.sinostar-pec.com) to communicate and engage with stakeholders.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

The directors present their statement to the members together with the audited consolidated financial statements of Sinostar PEC Holdings Limited (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are as follows:

Li Xiangping	(Executive chairman and chief executive officer)
Yan Tailing	(Executive director and deputy chief executive officer)
Chen Seow Phun, John	(Lead independent non-executive director)
Jiang Xinglu	(Independent non-executive director)
Liu Xiaoyan	(Independent non-executive director)
Li Zhi	(Non-executive director)

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2024	At 1.1.2024	At 31.12.2024	At 1.1.2024
<b>The Company</b>				
<u>(No. of ordinary shares)</u>				
Li Xiangping	–	–	372,048,500	369,898,500
<b>Immediate and ultimate holding corporation – Intelligent People Holdings Limited</b>				
<u>(No. of ordinary shares of US\$1 each)</u>				
Li Xiangping	10,000	10,000	–	–

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

## Directors' interests in shares or debentures (continued)

Li Xiangping, by virtue of Section 7 of the Companies Act 1967, is deemed to have an interest in the whole of the issued share capital of the wholly-owned subsidiary corporations of the Company and Intelligent People Holdings Limited.

The directors' interests in the ordinary shares of the Company as at 21 January 2025 were the same as those as at 31 December 2024.

## Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under options as at the end of the financial year.

## Audit committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Jiang Xinglu (Chairman)  
Chen Seow Phun, John  
Liu Xiaoyan

All members of the AC were non-executive and independent directors.

The AC carried out its functions in accordance with section 201B(5) of the Companies Act 1967. In performing those functions, the AC reviewed:

- (a) overall scope of both the internal and statutory audits, as well as the assistance given by the Company's management to the internal auditor and independent auditor. The AC met with the Company's internal and independent auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (b) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (c) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2024 as well as the independent auditor's report thereon; and
- (d) interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

The AC, together with the Board of Directors, reviewed the effectiveness of the Group's system of internal controls put in place to address the key financial, operational and compliance risks affecting the operation.

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The AC also recommends the appointment of the independent auditor and reviews the level of audit and non-audit fees.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

The AC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## **Independent auditor**

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

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Li Xiangping  
Director

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Yan Tailing  
Director

**1 April 2025**

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Sinostar PEC Holdings Limited (the “Company”) and its subsidiary corporations (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 86 to 137.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics applicable to Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were most significant in our audit of the financial statements for the financial year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (a) Disposal of financial asset, at fair value through other comprehensive income (“FVOCI”) (Refer to Notes 2.7, 3, 10 and 31(g) to the financial statements)

On 29 October 2024, the Group through its subsidiary corporation, Dongming Qianhai Petrochemical Co., Ltd. (“Dongming Qianhai”) has entered into a sale and purchase agreement (the “Qianhai Reli SPA”) with a related party, Shandong Hong Li Yuan Stock Limited Company, to dispose of 18% of its unquoted equity interest in Dongming Qianhai Reli Co., Ltd. (“Qianhai Reli”) (the “Proposed Disposal”) for an aggregate cash consideration of RMB27,911,000.

On 24 December 2024, an extraordinary general meeting was held and shareholder approval was obtained. On 30 December 2024, Qianhai Reli has completed the industrial and commercial registration procedures in China. Accordingly, the completion of Proposed Disposal took place on 30 December 2024 (the “completion date”).

The Group has appointed an independent professional valuer (the “Valuer”) to assist in assessing the fair value of FVOCI. Based on the valuation report dated 15 October 2024, the fair value of FVOCI as at 1 July 2024 (the “valuation date”) was RMB27,911,000. We focus on this matter as the valuation process is inherently subjective and involved significant judgements in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied as at the completion date.



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

## Report on the Audit of the Financial Statements (continued)

### Key Audit Matters (continued)

**(a) Disposal of financial asset, at fair value through other comprehensive income ("FVOCI") (continued)**  
(Refer to Notes 2.7, 3, 10 and 31(g) to the financial statements)

#### **How our audit addressed the key audit matter**

*In obtaining sufficient audit evidence, the following procedures have been performed:*

- Verified the completion of the transfer of ownership on the completion date to the registration form submitted to Administration of Industry and Commerce, and via the TianYanCha platform. TianYanCha is a credit investigation institution established in accordance with laws and regulations and approved by government in China. It provides company background, shareholder information and relationship, industrial and commercial information, litigation related information, and etc.
- Recomputed the calculation and reviewed the accounting treatment for disposal of FVOCI, ensuring it was properly accounted for in accordance with SFRS(I) 9 *Financial Instruments*.
- Assessed the competencies, capabilities and objectivity of the Valuer and our valuation specialist in accordance with SSA620 *Using the Work of an Expert*, taking into consideration their experience, qualification and reputation.
- Reviewed, assessed and discussed with management, as well as with the Valuer and our valuation specialist the basis of the fair value measurement and reasonableness of key assumptions used in deriving the fair value of FVOCI as at the completion date.
- Discussed with management and confirmed that market conditions and competitive forces have remained consistent between the valuation date to the completion date.
- Considered the adequacy of the disclosures in the financial statements.

**(b) Related party transactions**  
(Refer to Note 30 to the financial statements)

The Group engaged in transactions with related parties during the financial year ended 31 December 2024, with outstanding net balances amounting to RMB293,040,000 (2023: RMB37,423,000) at the end of the current financial year.

We identified related party transactions as a key audit matter due to the risks associated with their accounting, the completeness of disclosures in the consolidated financial statements, the high volume of such transactions, and the requirement to comply with the SGX-ST Listing Manual.

Management actively monitors related party transactions to ensure they are conducted at arm's length and under agreed terms between the Group and its related parties. Management has ensured the completeness of accounting and proper disclosure of all related party transactions.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

## Report on the Audit of the Financial Statements (continued)

### *Key Audit Matters (continued)*

#### **(b) Related party transactions (continued)** (Refer to Note 30 to the financial statements)

##### ***How our audit addressed the key audit matter***

*In obtaining sufficient audit evidence, the following procedures have been performed:*

- Obtained an understanding of management's process of identifying, approving, and monitoring the Group's related parties, including any changes from the prior financial year, the nature of relationships between the Group entities and these related parties, and whether the Group entered into any transactions with these related parties during the financial year. If transactions occurred, assess their type and purpose.
- Analysed accounting records to ensure the completeness of identified related party transactions.
- Verified that the transactions have been appropriately accounted for and disclosed.
- Reviewed and tested management's control related to the assessment and approval of related party transactions.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

## Report on the Audit of the Financial Statements (continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2024

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Tze Shiong.

**CLA Global TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Singapore**  
**1 April 2025**

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

		Group		Company	
	Note	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	1,297,877	1,459,008	3	6
Right-of-use assets	6	3,043	3,150	–	–
Intangible assets	7	87,050	88,248	–	–
Goodwill on consolidation	8	10,345	10,345	–	–
Investment in subsidiary corporations	9	–	–	250,041	250,041
Financial asset, at fair value through other comprehensive income (“FVOCI”)	10	–	48,953	–	–
		1,398,315	1,609,704	250,044	250,047
<b>Current assets</b>					
Intangible assets	7	1,088	1,088	–	–
Inventories	11	264,318	334,916	–	–
Trade and other receivables	12	28,139	9,889	–	–
Amounts owing by related parties	12	1,527	5,464	–	–
Prepayments	13	2,155	1,360	176	–
Cash and cash equivalents	14	407,377	562,886	4,010	514
		704,604	915,603	4,186	514
<b>Total assets</b>		<b>2,102,919</b>	<b>2,525,307</b>	<b>254,230</b>	<b>250,561</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	15	316,125	316,125	316,125	316,125
Retained profits/(accumulated losses)	16	424,822	705,892	(63,346)	(67,119)
Fair value reserve	17	–	12,952	–	–
Capital reserve	18	331,564	250,000	–	–
Other reserves	19	247,817	180,622	–	–
		1,320,328	1,465,591	252,779	249,006
<b>Non-controlling interest</b>	9	–	234,875	–	–
<b>Total equity</b>		<b>1,320,328</b>	<b>1,700,466</b>	<b>252,779</b>	<b>249,006</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans from non-controlling interest	20	–	50,000	–	–
Bank borrowings	21	200,000	300,000	–	–
Lease liabilities	22	3,477	3,428	–	–
		203,477	353,428	–	–
<b>Current liabilities</b>					
Loans from non-controlling interest	20	–	200,000	–	–
Loans from a related party	20	50,000	–	–	–
Bank borrowings	21	100,000	60,000	–	–
Lease liabilities	22	66	179	–	–
Trade and other payables	23	116,952	98,448	1,451	1,555
Amounts owing to related parties	23	294,567	42,887	–	–
Current tax payable		17,529	69,899	–	–
		579,114	471,413	1,451	1,555
<b>Total liabilities</b>		<b>782,591</b>	<b>824,841</b>	<b>1,451</b>	<b>1,555</b>
<b>Total equity and liabilities</b>		<b>2,102,919</b>	<b>2,525,307</b>	<b>254,230</b>	<b>250,561</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	5,457,923	5,333,091
Cost of sales		(5,077,164)	(4,933,028)
Gross profit		380,759	400,063
Other income	24a	9,966	102,303
Other gains/(losses) - net	24d	210	(5,656)
Expenses			
- Distribution	24b	(10,481)	(6,233)
- Administrative	24c	(49,452)	(36,684)
- Finance	24e	(21,571)	(34,721)
Profit before income tax	25	309,431	419,072
Income tax expenses	26	(77,763)	(105,902)
<b>Net profit for the financial year</b>		<b>231,668</b>	<b>313,170</b>
<b>Other comprehensive (loss)/income:</b>			
Item that will not be reclassified subsequently to profit or loss:			
Financial asset, at FVOCI			
- Fair value (loss)/gain – equity investment	10	(21,042)	5,981
<b>Total comprehensive income for the financial year</b>		<b>210,626</b>	<b>319,151</b>
<b>Net profit attributable to:</b>			
Equity holders of the Company		170,069	217,610
Non-controlling interest		61,599	95,560
		<b>231,668</b>	<b>313,170</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		155,339	221,797
Non-controlling interest		55,287	97,354
		<b>210,626</b>	<b>319,151</b>
<b>Earnings per share for net profit attributable to equity holders of the Company (RMB cents per share)</b>			
- Basic	27	26.57	34.00
- Diluted	27	26.57	34.00

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

	Note	Share capital RMB'000	Retained profits RMB'000	Fair value reserve RMB'000	Capital reserve RMB'000	Other reserves			Equity attributable to owners RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
						Statutory common reserve	Voluntary common reserve	Sub-total			
						RMB'000	RMB'000				
2024											
Balance as at 1 January 2024		316,125	705,892	12,952	250,000	179,825	797	180,622	1,465,591	234,875	1,700,466
Net profit for the financial year		-	170,069	-	-	-	-	-	170,069	61,599	231,668
Other comprehensive loss for the financial year		-	-	(14,730)	-	-	-	-	(14,730)	(6,312)	(21,042)
Total comprehensive income for the financial year		-	170,069	(14,730)	-	-	-	-	155,339	55,287	210,626
Acquisition of additional interest in a subsidiary corporation	9	-	-	-	(283,436)	-	-	-	(283,436)	(290,162)	(573,598)
Transfer upon disposal of investment	17	-	(1,778)	1,778	-	-	-	-	-	-	-
Transfer to capital reserve	18	-	(365,000)	-	365,000	-	-	-	-	-	-
Transfer to statutory common reserve	19(b)	-	(67,195)	-	-	67,195	-	67,195	-	-	-
Dividends paid	28	-	(17,166)	-	-	-	-	-	(17,166)	-	(17,166)
Balance as at 31 December 2024		316,125	424,822	-	331,564	247,020	797	247,817	1,320,328	-	1,320,328
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
Net profit for the financial year		-	217,610	-	-	-	-	-	217,610	95,560	313,170
Other comprehensive income for the financial year		-	-	4,187	-	-	-	-	4,187	1,794	5,981
Total comprehensive income for the financial year		-	217,610	4,187	-	-	-	-	221,797	97,354	319,151
Transfer to statutory common reserve	19(b)	-	(44,270)	-	-	44,270	-	44,270	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	(158,935)	(158,935)
Balance as at 31 December 2023		316,125	705,892	12,952	250,000	179,825	797	180,622	1,465,591	234,875	1,700,466

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
<b>Cash flows from operating activities</b>			
Profit before income tax		309,431	419,072
Adjustments for:			
- Depreciation of property, plant and equipment	5	172,052	173,844
- Depreciation of right-of-use assets	6	107	425
- Amortisation of intangible assets	7	1,198	1,240
- Interest income	24a	(8,253)	(6,417)
- Dividend income	24a	–	(38,862)
- Gain on disposal of property, plant and equipment	24d	(689)	(100)
- Property, plant and equipment written off	24d	478	1,125
- Interest expense	24e	21,571	34,721
<b>Operating cash flows before change in working capital</b>		495,895	585,048
Change in working capital:			
- Inventories		70,598	(92,581)
- Amount owing (to)/by related parties		(31,182)	34,983
- Trade and other receivables		(18,250)	10,098
- Prepayments		(795)	7,412
- Trade and other payables		18,504	(36,416)
Cash generated from operations		534,770	508,544
Income tax paid		(130,133)	(44,998)
<b>Net cash provided by operating activities</b>		404,637	463,546
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(11,860)	(13,192)
Proceeds from disposal of property, plant and equipment		1,150	255
Proceeds from disposal of financial asset, at FVOCI		27,911	–
Acquisition of additional interest in a subsidiary corporation		(286,799)	–
Dividends received		–	38,862
Interest received		8,253	6,417
<b>Net cash (used in)/provided by investing activities</b>		(261,345)	32,342
<b>Cash flows from financing activities</b>			
Repayment of loans from non-controlling interest		(200,000)	(200,000)
Principal payment of lease liabilities		(64)	(410)
Repayment of bank borrowings		(60,000)	(60,000)
Dividends paid to equity holders of the Company	28	(17,166)	–
Dividends paid to non-controlling interest	9	–	(158,935)
Interest paid		(21,571)	(34,721)
Decrease/(increase) in restricted cash		159,005	(43,214)
<b>Net cash used in financing activities</b>		(139,796)	(497,280)
<b>Net increase/(decrease) in cash and cash equivalents</b>		3,496	(1,392)
<b>Cash and cash equivalents</b>			
Beginning of financial year		514	1,906
<b>End of financial year</b>	14	4,010	514

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

*Reconciliation of liabilities arising from financing activities:*

	1 January 2024 RMB'000	Principal and interest payments RMB'000	Non-cash changes		31 December 2024 RMB'000
			Interest expense RMB'000	Reclassification RMB'000	
Bank borrowings	360,000	(72,976)	12,976	–	300,000
Loans from non-controlling interest	250,000	(208,425)	8,425	(50,000)	–
Loans from a related party	–	–	–	50,000	50,000
Lease liabilities	3,607	(234)	170	–	3,543

	1 January 2023 RMB'000	Principal and interest payments RMB'000	Non-cash changes		31 December 2023 RMB'000
			Interest expense RMB'000		
Bank borrowings	420,000	(76,507)	16,507		360,000
Loans from non-controlling interest	450,000	(218,024)	18,024		250,000
Lease liabilities	4,017	(600)	190		3,607

*The accompanying notes form an integral part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General information

Sinostar PEC Holdings Limited (the “Company”) is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office is 36 Robinson Road, #20-01, City House, Singapore 068877.

The immediate and ultimate holding corporation of the Company is Intelligent People Holdings Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiary corporations are disclosed in Note 9 to the financial statements.

## 2. Material accounting policy information

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

#### Interpretations and amendments to published standards effective in 2024

On 1 January 2024, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 2.2 Group accounting

#### (a) *Subsidiary corporations*

##### (i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.2 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (i) *Consolidation (continued)*

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment indicator of the transferred assets. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

##### (ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.2 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations" for the accounting policy on investment in subsidiary corporations in the separate financial statements of the Company.

#### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

### 2.3 Property, plant and equipment

#### (a) *Measurement*

##### (i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.13 on borrowing costs).

The cost of construction-in-progress comprises direct costs incurred during the periods of constructions, installation and testing. Capitalisation of those costs ceases and construction-in-progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed and the assets are available to use.

The initial estimate of the cost of dismantlement, removal or restoration is recognised as part of the cost of property, plant and equipment if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular period for purposes other than to produce inventories during that period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.3 Property, plant and equipment (continued)

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts after deducting the residual value over the estimated useful lives as follows:

	<u>Useful lives</u>
Buildings on leasehold land	20 years
Plant and machinery	5 - 20 years
Electronic system and equipment	3 - 20 years
Motor vehicles	4 - 5 years
Office equipment	3 and 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

‘Construction-in-progress’ included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other gains/(losses) – net”.

### 2.4 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

#### (a) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.4 Leases (continued)

When the Group is the lessee: (continued)

#### (a) *Right-of-use assets (continued)*

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

	<u>Useful lives</u>
Leasehold land	Over the remaining leased terms of 20 – 44 years
Buildings on leasehold land	20 years
Motor vehicles	5 years

#### (b) *Lease liabilities*

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments included in the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option;
- Lease payments to be made under an extension option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.4 Leases (continued)

When the Group is the lessee: (continued)

#### (c) *Short-term and low-value leases*

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

### 2.5 Intangible assets

#### (a) *Goodwill*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

#### (b) *Land use rights*

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease term of 50 years.

#### (c) *Softwares*

Softwares are initially measured at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

### 2.6 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted-average basis and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes all direct expenditure and production overheads based on the normal level of activity.

Where a production process result in more than one product being produced simultaneously, such as when there is a main product and a by-product, and when the costs of conversion of each product are not separately identifiable, they are allocated between the products using their relative sales value or net realisable value, where applicable.

Write down is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.7 Financial assets

#### (a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

#### At subsequent measurement

##### (i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and amounts owing by related parties.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

##### (ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. The Group has elected to recognise changes in fair value of equity interests not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.7 Financial assets (continued)

#### (b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.10 Investment in subsidiary corporations

Investment in subsidiary corporations is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investment, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## **2. Material accounting policy information (continued)**

### **2.11 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### **2.12 Borrowings**

Borrowings are presented as current liabilities unless, at the end of the reporting period, the Group has the right to defer settlement of the liability for at least 12 months after the reporting period, in which case they are presented as non-current liabilities.

Covenants that the Group is required to comply with on or before the end of the reporting period are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### **2.13 Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the assets under construction. This includes those costs on borrowings acquired specifically for the assets under construction, as well as those in relation to general borrowings used to finance the assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

### **2.14 Dividends to Company's shareholders**

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### **2.15 Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### **2.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the profit or loss as finance expense.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.16 Provisions (continued)

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

PRC corporate income tax is provided at rates applicable to an enterprise in the PRC on income for financial reporting purpose, adjusted for income and expenses items which are not assessable or deductible for income tax purposes.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investment in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.18 Impairment of non-financial assets

#### (a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.18 Impairment of non-financial assets (continued)

#### (a) *Goodwill (continued)*

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

#### (b) *Property, plant and equipment* *Right-of-use assets* *Intangible assets* *Investment in subsidiary corporations*

Property, plant and equipment, right-of-use assets, intangible assets and investment in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.19 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.19 Revenue recognition (continued)

(a) *Gas separation*

Revenue from sale of propylene, polypropylene, liquefied petroleum gas (“LPG”) and other products is recognised when goods are sold to customers, which generally coincides with their delivery and acceptance.

(b) *Transport and logistic services*

Revenue from rendering of transport and logistic services is recognised as and when services are completed. The lead time for rendering transport and logistic services is usually very short, lasting usually not more than two to three weeks. The amount of revenue recognised is based on contractual transaction price. If the value of services transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the services transferred, a contract liability is recognised.

(c) *Interest income*

Interest income is recognised using the effective interest rate method.

### 2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Pension obligations*

The Group and the Company participate in the defined contribution national pension and other welfare schemes as provided by the laws of the countries in which it has operations.

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the “Scheme”), whereby the PRC subsidiary corporations are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the PRC subsidiary corporations.

The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The contributions to these Schemes are charged to profit or loss in the period to which the contributions relate.

(b) *Employee leave entitlements*

No accrual has been made for employee leave entitlements as any unconsumed annual leave not utilised will be forfeited.

(c) *Key management personnel*

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.21 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Chinese Renminbi (“RMB”), which is the functional currency of the Company and have been rounded to the nearest thousand (“RMB’000”).

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within “Finance expenses”. All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within “Other gains/(losses) - net”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (c) *Translation of Group entities’ financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 2. Material accounting policy information (continued)

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board committee whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.23 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

## 3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Capitalisation and useful lives of property, plant and equipment

The construction-in-progress was transferred to the respective category in property, plant and equipment. Significant level of judgement is involved to ascertain that capitalisation of property, plant and equipment meet the recognition criteria of SFRS(I) 1-16 *Property, Plant and Equipment*, specifically in relation to determination of trial run period and costs associated with trial runs for it to be ready for intended use.

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 estimated by the management are disclosed under Note 2.3 to the financial statements. These are 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. The carrying amount of the Group's property, plant and equipment at the end of the reporting date is disclosed in Note 5 to the financial statements. Depreciation for the financial year ended 31 December 2024 amounted to RMB172,052,000 (2023: RMB173,844,000).

If the estimated useful lives of these assets were to increase or decrease by 1 year, the depreciation expenses for the financial year ended 31 December 2024 would be lower by about RMB7,679,000 (2023: RMB8,621,000) or higher by about RMB9,928,000 (2023: RMB10,975,000).

### (b) Disposal of financial asset, at fair value through other comprehensive income ("FVOCI")

The Group classified unquoted equity interest 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. On 30 December 2024, the Group has derecognised the financial asset, at FVOCI with a fair value of RMB27,911,000.

The valuation technique and assumptions used to fair value the financial instrument is described in more detail in Note 31(g) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 4. Revenue

### (a) Disaggregation of revenue from contracts with customers

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

	Gas separation RMB'000	Group Transport and logistic services RMB'000	Total RMB'000
<b>2024</b>			
<u>People's Republic of China</u>			
Liquefied petroleum gas	607,729	–	607,729
Propylene	127,387	–	127,387
Polypropylene	249,413	–	249,413
Premium grade polypropylene	1,463,925	–	1,463,925
Methyl Tert-Butyl Ether ("MTBE")	2,119,458	–	2,119,458
Hydrogen	245,956	–	245,956
Isobutylene	169,902	–	169,902
Other gases	30,923	–	30,923
Utilities	126,226	–	126,226
Transport and logistic services	–	317,004	317,004
	<u>5,140,919</u>	<u>317,004</u>	<u>5,457,923</u>
<b>2023</b>			
<u>People's Republic of China</u>			
Liquefied petroleum gas	669,029	–	669,029
Polypropylene	165,277	–	165,277
Premium grade polypropylene	1,572,512	–	1,572,512
Methyl Tert-Butyl Ether ("MTBE")	2,049,464	–	2,049,464
Hydrogen	192,984	–	192,984
Isobutylene	164,539	–	164,539
Other gases	31,678	–	31,678
Utilities	127,049	–	127,049
Transport and logistic services	–	360,559	360,559
	<u>4,972,532</u>	<u>360,559</u>	<u>5,333,091</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 4. Revenue (continued)

### (b) Contract liabilities

	31 December 2024	2023	1 January 2023
	RMB'000	RMB'000	RMB'000
Contract liabilities (Note 23)	16,587	14,231	2,087

Contract liabilities are advances received from customers which represent down-payment for sales orders placed. Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the financial year 2024 amounted to RMB14,231,000 (2023: RMB2,087,000).

The contract liabilities balance increased due to the Group received more advances ahead of the provision of goods to customers.

### (c) Trade receivables from contracts with customers

	31 December 2024	2023	1 January 2023
	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers (Note 12)	1,171	6,174	8,621
Amounts owing by related parties (Note 12)	1,383	5,135	11,093
	2,554	11,309	19,714

## 5. Property, plant and equipment

	Buildings on leasehold land	Plant and machinery	Electronic system and equipment	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group</b>						
<b>2024</b>						
<i>Cost</i>						
Beginning of financial year	1,117,846	825,907	185,135	52,088	6,162	2,187,138
Additions	–	3,528	918	6,828	586	11,860
Disposals	–	(223)	(94)	(7,019)	(11)	(7,347)
Written off	–	(1,447)	(179)	–	(5)	(1,631)
End of financial year	1,117,846	827,765	185,780	51,897	6,732	2,190,020
<i>Accumulated depreciation</i>						
Beginning of financial year	227,907	324,975	125,307	46,756	3,185	728,130
Depreciation charge	52,694	94,882	21,686	1,865	925	172,052
Disposals	–	(140)	(78)	(6,668)	–	(6,886)
Written off	–	(981)	(169)	–	(3)	(1,153)
End of financial year	280,601	418,736	146,746	41,953	4,107	892,143
<b>Net book value</b>						
End of financial year	837,245	409,029	39,034	9,944	2,625	1,297,877



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 5. Property, plant and equipment (continued)

	Buildings on leasehold land RMB'000	Plant and machinery RMB'000	Electronic system and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction- in-progress RMB'000	Total RMB'000
<b>Group</b>							
<b>2023</b>							
<i>Cost</i>							
Beginning of financial year	1,105,461	823,121	182,209	52,418	5,360	13,969	2,182,538
Additions	256	2,273	1,559	166	877	8,061	13,192
Disposals	–	–	(40)	(470)	–	–	(510)
Written off	–	(3,312)	(769)	(26)	(75)	(3,900)	(8,082)
Transferred	12,129	3,825	2,176	–	–	(18,130)	–
End of financial year	1,117,846	825,907	185,135	52,088	6,162	–	2,187,138
<i>Accumulated depreciation</i>							
Beginning of financial year	167,928	234,100	108,395	45,868	2,034	–	558,325
Depreciation charge	59,979	93,775	17,650	1,221	1,219	–	173,844
Disposals	–	–	(40)	(315)	–	–	(355)
Written off	–	(2,900)	(698)	(18)	(68)	–	(3,684)
End of financial year	227,907	324,975	125,307	46,756	3,185	–	728,130
<b>Net book value</b>							
End of financial year	889,939	500,932	59,828	5,332	2,977	–	1,459,008

### Office equipment

	Company	
	2024 RMB'000	2023 RMB'000
<i>Cost</i>		
Beginning and end of financial year	10	10
<i>Accumulated depreciation</i>		
Beginning of financial year	4	1
Depreciation charge	3	3
End of financial year	7	4
<b>Net book value</b>		
End of financial year	3	6

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 5. Property, plant and equipment (continued)

	Group	
	2024	2023
	RMB'000	RMB'000
Depreciation expense charged to:		
Cost of sales	169,551	172,664
Administrative expenses (Note 24c)	2,501	1,180
	<u>172,052</u>	<u>173,844</u>

## 6. Right-of-use assets

	Leasehold land RMB'000	Buildings on leasehold land RMB'000	Motor vehicle RMB'000	Total RMB'000
<b>Group</b>				
<b>2024</b>				
<i>Cost</i>				
Beginning and end of financial year	3,906	153	1,591	5,650
<i>Accumulated depreciation</i>				
Beginning of financial year	770	139	1,591	2,500
Depreciation charge (Note 24c)	100	7	–	107
End of financial year	870	146	1,591	2,607
<b>Net book value</b>				
End of financial year	<u>3,036</u>	<u>7</u>	<u>–</u>	<u>3,043</u>
<b>2023</b>				
<i>Cost</i>				
Beginning and end of financial year	3,906	153	1,591	5,650
<i>Accumulated depreciation</i>				
Beginning of financial year	671	132	1,272	2,075
Depreciation charge (Note 24c)	99	7	319	425
End of financial year	770	139	1,591	2,500
<b>Net book value</b>				
End of financial year	<u>3,136</u>	<u>14</u>	<u>–</u>	<u>3,150</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 7. Intangible assets

	Land use rights RMB'000	Softwares RMB'000	Total RMB'000
<b>Group</b>			
<b>2024</b>			
<i>Cost</i>			
Beginning and end of financial year	94,581	354	94,935
<i>Accumulated amortisation</i>			
Beginning of financial year	5,346	253	5,599
Amortisation charge (Note 24c)	1,101	97	1,198
End of financial year	6,447	350	6,797
<b>Carrying amount</b>			
End of financial year	88,134	4	88,138
<b>2023</b>			
<i>Cost</i>			
Beginning and end of financial year	94,581	354	94,935
<i>Accumulated amortisation</i>			
Beginning of financial year	4,244	115	4,359
Amortisation charge (Note 24c)	1,102	138	1,240
End of financial year	5,346	253	5,599
<b>Carrying amount</b>			
End of financial year	89,235	101	89,336
	<b>2024</b>	<b>2023</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
Amount to be amortised:			
- Not later than one year	1,088	1,088	
- Later than one year but less than five years	4,355	4,452	
- Later than five years	82,695	83,796	
	88,138	89,336	
Analysed as:			
- Current	1,088	1,088	
- Non-current	87,050	88,248	
	88,138	89,336	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 7. Intangible assets (continued)

The land use rights relate to the following parcels of land:

Location	Lease period	Land area
Dongming Caiyuanji Litun Administrative Village (东明县菜园集李屯行政村)	50 years (commenced on March 2016 to March 2066)	123,873 square meters
Dongming Caiyuanji Litun Administrative Village (东明县菜园集李屯行政村)	50 years (commenced on July 2018 to July 2068)	189,863 square meters
Dongming Caiyuanji Town Xitaiji Administrative Village (东明县菜园集镇西台集行政村)	50 years (commenced on December 2019 to December 2069)	129,548 square meters

As at 31 December 2024, the land use rights have remaining tenures from 41 to 44 years (2023: 42 to 45 years).

## 8. Goodwill on consolidation

	Group	
	2024	2023
	RMB'000	RMB'000
<i>Cost and carrying amount</i>		
Beginning and end of financial year	10,345	10,345

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

	Group	
	2024	2023
	RMB'000	RMB'000
Dongming Changshun Transport Company Limited (东明县昌顺运输有限公司) ("Changshun Transport")	2,501	2,501
Dongming Qianhai Petrochemical Co., Ltd. (东明前海化工有限公司) ("Dongming Qianhai")	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 0.2% (2023: 0.2%). These cash flows were discounted using a pre-tax discount rate of 10% (2023: 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 loss is recognised. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 9. Investment in subsidiary corporations

	Company	
	2024 RMB'000	2023 RMB'000
<i>Equity investment at cost</i>		
Beginning and end of financial year	250,041	250,041

The Group has the following subsidiary corporations as at 31 December 2024 and 2023:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2024	2023	2024	2023	2024	2023
			%	%	%	%	%	%
<u>Held by the Company</u>								
Dongming Hengchang Petrochemical Co., Ltd. <sup>(1)</sup> (东明恒昌化工有限公司) ("Dongming Hengchang")	Manufacture and sale of propylene, polypropylene and LPG products	The People's Republic of China	100	100	100	100	–	–
<u>Held by Dongming Hengchang</u>								
Dongming Changshun Transport Company Limited <sup>(1)</sup> (东明县昌顺运输有限公司) ("Changshun Transport")	Provide logistics and transportation for petroleum products	The People's Republic of China	100	100	100	100	–	–
Dongming Qianhai Petrochemical Co., Ltd. <sup>(1)</sup> (东明前海化工有限公司) ("Dongming Qianhai")	Manufacture and sale of propylene, purified isobutylene, methyl tert-butyl ether, commonly known as MTBE, hydrogen and mixed gas	The People's Republic of China	100	70	100	70	–	30

<sup>(1)</sup> Audited/reviewed by Shanghai CLA Global TS Certified Public Accountants, PRC, for consolidation purpose.

### Carrying value of non-controlling interest

	Group	
	2024 RMB'000	2023 RMB'000
Dongming Qianhai Petrochemical Co., Ltd.	–	234,875



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 9. Investment in subsidiary corporations (continued)

*Summarised financial information of subsidiary corporations with material non-controlling interest*

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interest that are material to the Group. These are presented before inter-company eliminations.

*Summarised statement of financial position*

<b>Dongming Qianhai Petrochemical Co., Ltd.</b>	<b>2023 RMB'000</b>
<b>Current</b>	
Assets	285,118
Liabilities	(412,681)
Total current net liabilities	(127,563)
<b>Non-current</b>	
Assets	961,161
Liabilities	(50,682)
Total non-current net assets	910,479
<b>Net assets</b>	<b>782,916</b>

*Summarised statement of comprehensive income*

<b>Dongming Qianhai Petrochemical Co., Ltd.</b>	<b>2023 RMB'000</b>
Revenue	3,058,594
Profit before income tax	418,757
Income tax expenses	(100,223)
Profit for the financial year	318,534
Other comprehensive income	5,981
Total comprehensive income	324,515
Total comprehensive income allocated to non-controlling interest	97,354
Dividends paid to non-controlling interest	158,935

*Summarised statement of cash flows*

<b>Dongming Qianhai Petrochemical Co., Ltd.</b>	<b>2023 RMB'000</b>
Net cash provided by operating activities	507,657
Net cash used in investing activities	(166,328)
Net cash used in financing activities	(548,129)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 9. Investment in subsidiary corporations (continued)

### *Transactions with non-controlling interest*

On 29 October 2024, the Group through its subsidiary corporation, Dongming Hengchang entered into a sale and purchase agreement with a related party, Shandong Dongming Petrochem Group Co., Ltd., to acquire remaining 30% of the equity interest in Dongming Qianhai for an aggregate cash consideration of RMB573,598,000.

On 24 December 2024, an extraordinary general meeting was held and shareholder approval was obtained. On 30 December 2024, Dongming Qianhai has completed the industrial and commercial registration procedures in China. Accordingly, the completion of acquisition took place on 30 December 2024.

The following summarise the effect of the changes in the Group's ownership interest in Dongming Qianhai on the equity attributable to owners of the Company:

	Group 2024 RMB'000
Consideration paid to non-controlling interest	573,598
Carrying amount of non-controlling interest acquired	(290,162)
Excess of consideration paid recognised in parent's equity (Note 18)	<u>283,436</u>

## 10. Financial asset, at fair value through other comprehensive income ("FVOCI")

	Group 2024 RMB'000	2023 RMB'000
<i>Unquoted equity interest</i>		
- <i>Dongming Qianhai Reli Co., Ltd. (东明前海热力有限公司)</i>		
Beginning of financial year	48,953	42,972
Fair value (loss)/gain (Note 17)	(21,042)	5,981
Disposal	(27,911)	–
End of financial year	<u>–</u>	<u>48,953</u>

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

During the financial year ended 31 December 2024, the Group disposed unquoted equity interest as the underlying investment was no longer aligned with the Group's long-term investment strategy. This investment had a fair value of RMB27,911,000 at the date of disposal, which also represents the aggregate cash consideration. Accordingly, there was no gain or loss to be recognised in profit or loss. The cumulative fair value reserve of RMB1,778,000 (Note 17) was transferred to retained profits.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 11. Inventories

	Group	
	2024 RMB'000	2023 RMB'000
<i>At cost</i>		
Raw materials	58,854	12,424
Semi-finished goods	31,060	57,972
Finished goods	85,306	154,568
Chemical additives	85,640	108,478
Parts and accessories	3,458	1,474
	<u>264,318</u>	<u>334,916</u>
Inventories charged to cost of sales	<u>3,757,323</u>	<u>3,820,930</u>

## 12. Trade and other receivables

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Trade receivables				
- Non-related parties	1,171	6,174	-	-
Accrued revenue	26,668	3,182	-	-
Advances made to staff	300	533	-	-
	<u>28,139</u>	<u>9,889</u>	<u>-</u>	<u>-</u>

Accrued revenue relates to revenue recognised based on goods delivered or services rendered that were not billed. These will be billed in the next billing cycle.

	Group	
	2024 RMB'000	2023 RMB'000
Amounts owing by related parties		
- Trade	1,383	5,135
- Non-trade	144	329
	<u>1,527</u>	<u>5,464</u>

Related parties refer to companies which a director of the Company has an indirect equity interest. The amounts owing by related parties are unsecured, interest-free and repayable on demand.

## 13. Prepayments

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Prepayments	<u>2,155</u>	<u>1,360</u>	<u>176</u>	<u>-</u>

Prepayments relates to prepaid expenses for toll card, petrol card, insurance and maintenance expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 14. Cash and cash equivalents

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cash at bank	407,377	562,886	4,010	514

Cash and cash equivalents of RMB403,367,000 (2023: RMB562,372,000) held in the PRC are subject to local exchange control regulations. These regulations place restriction on the amount of currency that can be exported, except through dividends.

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

	Group	
	2024 RMB'000	2023 RMB'000
Cash at bank (as above)	407,377	562,886
Less: Restricted bank balances	(403,367)	(562,372)
Cash and cash equivalents as per consolidated statement of cash flows	4,010	514

## 15. Share capital

	No. of shares		Amount	
	2024 '000	2023 '000	2024 RMB'000	2023 RMB'000
<b>Group and Company</b>				
Issued and fully paid, with no par value				
Beginning and end of financial year	640,000	640,000	316,125	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.

## 16. Retained profits/(accumulated losses)

- (a) Retained profits of the Group are distributable.
- (b) Movement in accumulated losses for the Company is as follows:

	Company	
	2024 RMB'000	2023 RMB'000
Beginning of financial year	(67,119)	(60,390)
Net profit/(loss)	20,939	(6,729)
Dividends paid (Note 28)	(17,166)	–
End of financial year	(63,346)	(67,119)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 17. Fair value reserve

	Group	
	2024	2023
	RMB'000	RMB'000
Beginning of financial year	12,952	8,765
Financial asset, at FVOCI		
- Fair value (loss)/gain (Note 10)	(21,042)	5,981
Less: Non-controlling interest's share	6,312	(1,794)
Transfer to retained profits upon disposal of equity investment in financial asset, at FVOCI	1,778	-
End of financial year	-	12,952

This fair value reserve is a non-distributable reserve.

## 18. Capital reserve

	Group	
	2024	2023
	RMB'000	RMB'000
Beginning of financial year	250,000	250,000
Acquisition of additional interest in subsidiary corporation (Note 9)	(283,436)	-
Transfer from a subsidiary corporation's retained profits	365,000	-
End of financial year	331,564	250,000

Capital reserve represents the difference between the consideration paid and carrying amount of non-controlling interest acquired amounting to RMB283,436,000 (2023: Nil) and arises from the transfer of a PRC subsidiary corporation's retained profits to the PRC subsidiary corporation's own share capital account amounting to RMB365,000,000 (2023: Nil) for the purpose of enlarging its share capital without any cash outlay as permitted under the PRC regulations.

This capital reserve is a non-distributable reserve.

## 19. Other reserves

### (a) Compositions

	Group	
	2024	2023
	RMB'000	RMB'000
Statutory common reserve	247,020	179,825
Voluntary common reserve	797	797
	247,817	180,622



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 19. Other reserves (continued)

### (b) Movements

		Group	
		2024	2023
		RMB'000	RMB'000
(i)	Statutory common reserve		
	Beginning of financial year	179,825	135,555
	Transfer from retained profits	67,195	44,270
	End of financial year	247,020	179,825
(ii)	Voluntary common reserve		
	Beginning and end of financial year	797	797
		247,817	180,622

In accordance with the relevant laws and regulations of the PRC, the subsidiary corporations are required to transfer 10% of its profit after taxation to the statutory common reserve until the statutory common reserve balance reaches 50% of the respective registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the PRC accounting standards.

Statutory common reserve can be used to make up for any losses incurred or be converted into paid-up capital, if any, subject to approval from the PRC authorities and provided that the balance remains not less than 25% of the registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

## 20. Loans from non-controlling interest ("NCI")/a related party

		Group	
		2024	2023
		RMB'000	RMB'000
<b>Loans from non-controlling interest</b>			
<b>Current</b>			
-	Not later than one year	–	200,000
<b>Non-current</b>			
-	Later than one year but less than five years	–	50,000
		–	250,000
		Group	
		2024	2023
		RMB'000	RMB'000
<b>Loans from a related party</b>			
<b>Current</b>			
-	Not later than one year	50,000	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 20. Loans from non-controlling interest (“NCI”)/a related party (continued)

These loans from NCI, Shandong Dongming Petrochem Group Co., Ltd., were previously drawdown by Dongming Qianhai for its working capital purposes prior to financial year 2018 and was subsequently renewed in financial years 2018 and 2019. These loans were previously interest bearing at 4.57% per annum and due by 6 October 2020.

On 7 October 2020, Dongming Qianhai entered into a supplementary interim loan agreement with the Shandong Dongming Petrochem Group Co., Ltd., to reduce the interest rate to 4.35% per annum and extend the term of the loans to 31 December 2020, in order to provide interim financing for Dongming Qianhai while Dongming Qianhai seeks shareholders’ approval to converting the loan from a short-term to long-term loans until 1 April 2025.

On 14 December 2020, Dongming Qianhai entered into a supplemental agreement with the Shandong Dongming Petrochem Group Co., Ltd., to supplement and vary certain terms of the loans. The terms of the repayment of the loans are from 1 January 2021 to 1 April 2025 with the repayments due in instalments on a quarterly basis. The loans are interest bearing at 4.75% per annum.

On 30 December 2024, the Group acquired the remaining 30% of the equity interest in Dongming Qianhai from Shandong Dongming Petrochem Group Co., Ltd. As a director of the Company has an indirect equity interest in Shandong Dongming Petrochem Group Co., Ltd., the carrying amount of loans has been reclassified to “loans from a related party” as at 31 December 2024.

Related party refer to a company which a director of the Company has an indirect equity interest.

These loans do not have any covenants.

The fair value of non-current loans from NCI approximates their carrying amount.

## 21. Bank borrowings

	Group	
	2024	2023
	RMB'000	RMB'000
<b>Secured:</b>		
Current	100,000	60,000
Non-current	200,000	300,000
	<u>300,000</u>	<u>360,000</u>

The exposure of borrowings of the Group to interest rate changes on their contractual repricing dates at the reporting date are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
- Not later than one year	<u>300,000</u>	<u>360,000</u>

The fair value of the borrowings is a reasonable approximation of the carrying amount due to that they are floating rate instruments that are frequently re-priced to market interest rates.

### *Security granted*

The bank borrowings is secured by a corporate guarantee from a related party, Dongming Zhongyou Fuel and Petrochemical Co., Ltd. (东明中油燃料石化有限公司).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 21. Bank borrowings (continued)

### *Loan covenants*

Under the terms of the bank borrowings, the Group is required to comply with the financial covenants at each reporting date which the debt to asset ratio must be not more than 80%.

The Group has complied with these covenants throughout the reporting period. As at 31 December 2024, the debt to asset ratio was 34% (2023: 26%).

## 22. Lease liabilities

	Group	
	2024	2023
	RMB'000	RMB'000
Maturity analysis:		
Less than 1 year	234	234
Between 2 to 5 years	692	913
More than 5 years	6,244	6,257
	7,170	7,404
Less: Unearned interest	(3,627)	(3,797)
	3,543	3,607
Analysed as:		
Current	66	179
Non-current	3,477	3,428
	3,543	3,607

The Group leases leasehold land, buildings and motor vehicle for the purpose of operations.

Interest expense on lease liabilities is disclosed in Note 24e to the financial statements.

Lease expense not capitalised in lease liabilities in relations to short-term leases amounted to Nil (2023: RMB452,000).

Total cash outflow for all leases was RMB234,000 (2023: RMB1,052,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 23. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
- Non-related parties	66,477	41,829	–	–
Other payables				
- Non-related parties	6,010	13,887	–	–
- Staff	574	158	–	–
	73,061	55,874	–	–
Accruals	1,530	9,475	1,451	1,555
VAT payables	23,457	16,652	–	–
Other governmental taxes payable	245	144	–	–
Deferred income	2,072	2,072	–	–
Contract liabilities (Note 4)	16,587	14,231	–	–
	116,952	98,448	1,451	1,555

Other payables to staff are unsecured, interest-free and repayable on demand. Deferred income refers to a research and development subsidy given to Dongming Hengchang by the PRC government.

	Group	
	2024	2023
	RMB'000	RMB'000
Amounts owing to related parties		
- Trade	7,260	42,824
- Non-trade	287,307	63
	294,567	42,887

Related parties refer to companies which a director of the Company has an indirect equity interest. Amounts owing to related parties are unsecured, interest-free and repayable on demand.

The amounts due to related parties comprises of RMB286,799,000 payable to Shandong Dongming Petrochem Group Co., Ltd., for the acquisition of the remaining 30% equity interest in Dongming Qianhai.

## 24a. Other income

	Group	
	2024	2023
	RMB'000	RMB'000
Interest income - bank	8,253	6,417
Dividend income from Dongming Qianhai Reli	–	38,862
Subsidies from PRC Government	1,291	1,615
Gain on disposal of raw materials (Note 25)	–	54,777
Others	422	632
	9,966	102,303

Subsidies from PRC Government in 2024 related to tax incentives received by Changshun Transport and incentive for high quality development of private economy by Dongming Qianhai (2023: tax incentives received by Changshun Transport).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 24b. Distribution costs

	Group	
	2024	2023
	RMB'000	RMB'000
Freight charges	10,425	5,518
Short-term lease expenses	–	200
Others	56	515
	<u>10,481</u>	<u>6,233</u>

## 24c. Administrative expenses

	Group	
	2024	2023
	RMB'000	RMB'000
Amortisation of intangible assets (Note 7)	1,198	1,240
Depreciation of property, plant and equipment (Note 5)	2,501	1,180
Depreciation of right-of-use assets (Note 6)	107	425
Directors' fees	1,140	1,382
Employee compensation (Note 24f)	12,700	12,238
Entertainment expenses	529	521
Environment fee	673	670
Professional fee	2,007	1,926
Repair and maintenance	368	309
Research and development exercise	19,084	8,171
Short-term lease expenses	–	252
Travelling and accommodation	821	602
Others	8,324	7,768
	<u>49,452</u>	<u>36,684</u>

## 24d. Other gains/(losses) - net

	Group	
	2024	2023
	RMB'000	RMB'000
Gain on disposal of property, plant and equipment (Note 25)	689	100
Property, plant and equipment written off (Note 25)	(478)	(1,125)
Unrecoverable loss due to machine overhaul	–	(4,216)
Others	(1)	(415)
	<u>210</u>	<u>(5,656)</u>

In May 2023 during the machine overhaul period of the subsidiary corporation, Dongming Qianhai Petrochemical Co., Ltd., there was no progress in the production. However, labour costs and utilities costs continued to be incurred as usual. As a result, these expenses incurred during the machine overhaul period were charged to "Unrecoverable loss due to machine overhaul".



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 24e. Finance expenses

	Group	
	2024	2023
	RMB'000	RMB'000
Bank borrowings	12,976	16,507
Loans from non-controlling interest	8,425	18,024
Lease liabilities	170	190
	<u>21,571</u>	<u>34,721</u>

## 24f. Employee compensation

	Group	
	2024	2023
	RMB'000	RMB'000
Directors' remuneration		
- salaries and related costs	907	891
Key management personnel (other than directors)		
- salaries and related costs	283	341
- defined contributions	30	30
Other than directors and key management personnel		
- salaries and related costs	82,263	99,220
- defined contributions	13,067	9,469
	<u>96,550</u>	<u>109,951</u>
As disclosed in:		
Cost of sales	83,850	97,713
Administrative expenses (Note 24c)	12,700	12,238
	<u>96,550</u>	<u>109,951</u>

## 25. Profit before income tax

	Group	
	2024	2023
	RMB'000	RMB'000
Profit before income tax has been arrived at after charging and (crediting):		
Amortisation of intangible assets (Note 7)	1,198	1,240
Depreciation of property, plant and equipment (Note 5)	172,052	173,844
Depreciation of right-of-use assets (Note 6)	107	425
Gain on disposal of raw materials (Note 24a)	–	54,777
Property, plant and equipment written off (Note 24d)	478	1,125
Gain on disposal of property, plant and equipment (Note 24d)	(689)	(100)
Short-term lease expenses (Note 22)	–	452

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 26. Income tax expenses

	Group	
	2024	2023
	RMB'000	RMB'000
Current income tax		
- Profit for the financial year	83,582	113,469
- Overprovision in prior financial years	(5,819)	(7,567)
	<u>77,763</u>	<u>105,902</u>

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the relevant statutory rate of income tax on the Group's profit as a result of the following:

	Group	
	2024	2023
	RMB'000	RMB'000
Profit before income tax	309,431	419,072
Tax at statutory rate of 25% (2023: 25%)	77,358	104,768
Effects:		
- Differential of tax rates in foreign countries	(1,674)	547
- Income not subject to tax	–	(382)
- Expenses non-deductible for tax purposes	7,898	8,536
- Overprovision in prior financial years	(5,819)	(7,567)
	<u>77,763</u>	<u>105,902</u>

No provision for Singapore tax has been made as the Company did not derive any significant taxable income in Singapore.

The applicable tax rates of the Group's subsidiary corporations in the PRC, Dongming Hengchang, Dongming Qianhai and Changshun Transport for the financial year ended 31 December 2024 are 25% (2023: 25%).

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is RMB715,620,000 (2023: RMB875,583,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Accordingly, withholding tax amounting to RMB71,562,000 (2023: RMB87,558,000) relating to the undistributed earnings has not been recognised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 27. Earnings per share

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There were no dilutive earnings per share for the financial years ended 31 December 2024 and 2023 as there were no dilutive potential ordinary shares outstanding.

	Group	
	2024	2023
Net profit attributable to equity holders of the Company (RMB'000)	170,069	217,610
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	640,000	640,000
Basic and diluted (RMB cents)	26.57	34.00

## 28. Dividends

	Group and Company	
	2024	2023
	RMB'000	RMB'000
<i>Ordinary dividends paid</i>		
Final tax-exempt (one-tier) dividend paid in respect of previous financial year of S\$0.005 (equivalent to RMB0.0268) per share (Note 16)	17,166	–

## 29. Commitments

### *Purchase commitments*

At the end of reporting date, the Group entered into purchase commitment for the supply of LPG materials from the following supplier:

- Dongming Zhongyou Fuel and Petrochemical Co., Ltd. (东明中油燃料石化有限公司)	31 May 2016 to 30 May 2036
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The ordering quantities are on the basis of as and when required for which the pricing is based on the prevailing market rate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 30. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into between the Group and its related parties at terms agreed between the parties:

	Group	
	2024	2023
	RMB'000	RMB'000
<b>Sales to related parties</b>		
东明前海热力有限公司	134,298	126,347
东明中油燃料石化有限公司	512,223	498,743
山东东明石化集团有限公司	5,013	5,308
东明石油经销有限公司	—	2,197
山东东明梨树化学有限公司	251,865	36,683
东明润明油品销售有限公司	319	331
东明石化武汉新洲有限公司	592	—
东明万海氯碱化工有限公司	16,697	16,233
江苏新海石化有限公司	42,529	74,679
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
山东东明石化集团鲁班建筑有限公司	15,612	8,748
东明洁源环保科技有限公司	—	5
江苏新海新能源有限公司	684	702
东明清源水务有限公司	—	10
山东华旺热力有限公司	5,168	8,788
山东东明英伦石油有限公司	4,610	—
山东东明石化集团河南销售有限公司	11,460	—
山东东明石化集团济宁能源销售有限公司	775	—
江苏新洋国际贸易有限公司	16,314	—
灌南钟楼油品销售有限公司	547	—
江阴市长泾水利农机有限公司	571	—
灌南县南湖加油站	536	—
湖北中坤东明石化有限公司	1,668	—
山东东明石化集团胜利能源有限公司	3,312	—
山东东明石化集团华和能源有限公司	1,225	—
湖北东明石化有限公司关东加油站	2,635	—
湖北东明石化有限公司黄州三台河加油站	692	—

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 30. Related party transactions (continued)

	Group	
	2024	2023
	RMB'000	RMB'000
<b>Purchase from related parties</b>		
东明前海热力有限公司	404,454	456,039
东明中油燃料石化有限公司	3,190,395	3,234,161
山东东明石化集团有限公司	47,830	56,371
东明石油经销有限公司	808	2,915
山东东明梨树化学有限公司	199,046	35,221
东明万海氯碱化工有限公司	594	668
江苏新海石化有限公司	–	6
东明洁源环保科技有限公司	5,495	3,473
山东东明石化集团鲁班建筑有限公司	4,749	5,806
东明清源水务有限公司	1,558	997
山东华旺热力有限公司	31,283	–
江苏新洋国际贸易有限公司	31,451	–
山东昌顺达网络科技有限公司青岛分公司	9,144	–
山东高端化工研究院	1,887	–
<b>Interest expenses on loans charged by a related party</b>		
山东东明石化集团有限公司 (Note 24e)	8,425	18,024
<b>Other individually immaterial transactions*</b>	10,221	6,043

\* The total amount is derived from transactions with related parties, none of which individually exceed S\$100,000 per company.

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

## 31. Financial risk management

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits. The Board of Directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 31. Financial risk management (continued)

### (a) Market risk

#### (i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has minimal monetary balances denominated in Singapore dollar. Accordingly, the exposure to foreign exchange risk is minimal. In addition, the Group's operational activities are mainly carried out in RMB. The risk arising from movements in foreign exchange rates is minimised as the Group has minimal transactions in foreign currencies.

Exposure to foreign currency risk is insignificant as the Group's income and related expenses, assets and liabilities are substantially denominated in RMB which is the functional currency of the Group entities. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

No sensitivity analysis had been presented as management was of the view that any changes in foreign currency denominated financial assets and liabilities was unlikely to be material to the Group.

#### (ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-earning assets, the Group's income is substantially independent of changes in market interest rates. The Group is not exposed to changes in interest rates for fixed rate financial liabilities, the impact of the exposure is not significant.

The Group's exposure to cash flow interest rate risk arises mainly from variable-rate borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

For the borrowings at variable rate, if the interest rates had increased/decreased by 0.5% with all other variables including tax rates being held constant, the Group's net profit would have been lower/higher by RMB2,297,000 (2023: RMB4,052,000).

The Company does not have exposure to interest rate risk as it does not hold variable financial assets and liabilities.

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing only with reputable and/or high credit quality counterparties.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 31. Financial risk management (continued)

### (b) Credit risk (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has a practice to collect advances from its customers. Typically, the Group offers 30 days credit terms to its customers and seeks to maintain a strict control over its outstanding receivables. The management will perform regular reviews on overdue balances.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

Trade receivables have been grouped based on shared credit risk characteristics and the days past due to measure the ECL by reference to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information.

Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2024 and 2023, the trade receivables are not subject to any material credit losses.

As at 31 December 2024, the trade receivables of gas separation business comprises of 1 debtor (2023: 2 debtors) that collectively contributed 54% (2023: 44%) of the Group's trade receivables.

As at 31 December 2024, the trade receivables of transport and logistic business comprise 1 debtor (2023: 1 debtor) that collectively contributed 36% (2023: 24%) of the Group's trade receivables.

For the purpose of impairment assessment for other financial assets, at amortised cost, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group, and a failure to make contractual payments.

As at 31 December 2024 and 2023, the Group's and the Company's cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances was negligible.

The other receivables of the Group as at 31 December 2024 and 2023 are due from counterparties with sound credit ratings. The Group considers that these receivables have low credit risk based on the internal credit ratings of the counterparties. The amount of the allowance on other receivables was negligible. The Company has assessed that its subsidiary corporation has strong financial capacity to meet the loan repayments and considered to have a low credit risk and subject to immaterial credit loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 31. Financial risk management (continued)

### (c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's and the Company's financial liabilities based on contractual undiscounted cash flows is disclosed in the notes to the financial statements.

The Group and the Company manage its liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner and to maintain a balance between continuity of funding and flexibility through the use of borrowing facilities. The Group and the Company finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The directors are satisfied that funds are available to finance the operations of the Company.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000
<b>Group</b>			
<b>At 31 December 2024</b>			
Loans from a related party	50,666	–	–
Bank borrowings	111,875	207,698	–
Lease liabilities	234	692	6,244
Trade and other payables	74,591	–	–
Amounts owing to related parties	294,567	–	–
	<u>531,933</u>	<u>208,390</u>	<u>6,244</u>
<b>At 31 December 2023</b>			
Loans from non-controlling interest	208,359	50,666	–
Bank borrowings	74,942	319,572	–
Lease liabilities	234	913	6,257
Trade and other payables	65,349	–	–
Amounts owing to related parties	42,887	–	–
	<u>391,771</u>	<u>371,151</u>	<u>6,257</u>
<b>Company</b>			
<b>At 31 December 2024</b>			
Trade and other payables	<u>1,451</u>	<u>–</u>	<u>–</u>
<b>At 31 December 2023</b>			
Trade and other payables	<u>1,555</u>	<u>–</u>	<u>–</u>

### (d) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

As the Group and the Company do not hold any quoted or marketable financial instrument, they are not exposed to any movement in market prices.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 31. Financial risk management (continued)

### (e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets, at FVOCI	–	48,953	–	–
Financial assets, at amortised cost	436,743	577,706	4,010	514
Financial liabilities, at amortised cost	722,701	721,843	1,451	1,555

### (f) Commodity price risk

Unlike the sales and purchase of gasoline and diesel in PRC which is subjected to price regulatory control by the authorities, the petrochemical business in PRC is not subjected to any regulatory control by the authorities. The Group is able to secure stable supplies of its raw materials from its suppliers at reasonable price. Accordingly, the Group does not engage in hedging for commodity price risk as it deems that the cost of hedging is too high.

### (g) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- 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
<b>31 December 2024</b>	
Financial assets, at FVOCI	–
<b>31 December 2023</b>	
Financial assets, at FVOCI	48,953

Investments classified within Level 3 have significant unobservable inputs as they trade infrequently. Level 3 instruments include investment in unquoted shares. As observable prices are not available, management has used valuation techniques to derive the fair value.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair value of financial liabilities for disclosures purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

Fair value measurement disclosure of other non-current asset and liabilities can be found at Notes 20 and 21 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 31. Financial risk management (continued)

### (g) Fair value measurements (continued)

Investment in unquoted shares classified as FVOCI is determined using valuation technique, using discounted cash flow analysis. The models used to determine fair value are validated and periodically reviewed by management. Within the discounted cash flow models, unobservable inputs include the projected cash flows and the risk premium for liquidity and credit risk that are incorporated into the discount rate. However, the discount rates used for valuing equity interest are determined based on historical equity returns for other entities operating in the same industry for which market returns are observable. Management uses models to adjust, when necessary, the observed equity returns to reflect the actual debt/equity financing structure of the valued equity investments. Models are calibrated by back-testing to actual results to ensure that outputs are reliable.

There were no changes in valuation techniques and no transfers into or out of fair value hierarchy levels during the financial years ended 31 December 2024 and 2023.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Group</b>			
Financial asset			
- 18% equity interest in Dongming Qianhai Reli Co., Ltd.	Discounted cash flows	Discount rate	The higher the discount rate, the lower the fair value

## 32. Segment 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, premium grade polypropylene, MTBE, hydrogen, isobutylene, other gas and utilities.
2. The transport and logistic services segment is the provision of logistics and transportation for petroleum products.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Distribution costs, administrative expenses, other expenses and income taxes are managed on a group basis and are not allocated to operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 32. Segment information (continued)

### Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, expenses and income tax expense.

Transfer prices between operating segments, if any, are at terms agreed between the parties.

#### (a) Reportable segments

	Gas separation RMB'000	Transport and logistic services RMB'000	Total RMB'000
<b>2024</b>			
<b>Revenue</b>			
External customers	5,140,919	317,004	5,457,923
Inter-segment sales	1,426,080	24,285	1,450,365
Total revenue	6,566,999	341,289	6,908,288
<b>Expenses</b>			
Purchase of inventories	3,757,323	–	3,757,323
Employee compensation	57,716	38,834	96,550
Segment assets	1,644,811	38,559	1,683,370
Segment liabilities	24,870	45,150	70,020
Results			
Segment results	316,182	43,319	359,501
<b>Unallocated expenses</b>			
Unallocated corporate expenses			(36,752)
Profit from operations			322,749
Finance income			8,253
Finance cost			(21,571)
Profit before income tax			309,431
Income tax expenses			(77,763)
Profit after income tax			231,668

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 32. Segment information (continued)

(a) Reportable segments (continued)

	Gas separation RMB'000	Transport and logistic services RMB'000	Total RMB'000
<b>2023</b>			
<b>Revenue</b>			
External customers	4,972,532	360,559	5,333,091
Inter-segment sales	1,471,305	12,257	1,483,562
Total revenue	6,443,837	372,816	6,816,653
<b>Expenses</b>			
Purchase of inventories	3,820,930	–	3,820,930
Employee compensation	72,536	37,415	109,951
Segment assets	1,930,920	15,159	1,946,079
Segment liabilities	33,467	11,969	45,436
Results			
Segment results	436,976	36,897	473,873
<b>Unallocated expenses</b>			
Unallocated corporate expenses			(26,497)
Profit from operations			447,376
Finance income			6,417
Finance cost			(34,721)
Profit before income tax			419,072
Income tax expenses			(105,902)
Profit after income tax			313,170
	<b>2024 RMB'000</b>	<b>2023 RMB'000</b>	
Segments' assets for reportable segments	1,683,370	1,946,079	
Other assets			
Unallocated			
Amounts owing by related parties	1,527	5,464	
Cash and cash equivalents	407,377	562,886	
Other receivables – advances made to staff	300	533	
Goodwill on consolidation	10,345	10,345	
	2,102,919	2,525,307	
Segments' liabilities for reportable segments	70,020	45,436	
Other liabilities			
Unallocated			
Other payables	50,475	56,619	
Amounts owing to related parties	294,567	42,887	
Bank borrowings	300,000	360,000	
Loans from non-controlling interest	–	250,000	
Loans from a related party	50,000	–	
Current tax payable	17,529	69,899	
	782,591	824,841	



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 32. Segment information (continued)

### (a) Reportable segments (continued)

	2024 RMB'000	2023 RMB'000
Customer 1	447,281	625,170
Customer 2	285,068	325,862
Customer 3	–	301,586

The above customers individually contributed more than 5% (2023: 5%) of the Group revenue and this are attributable to the gas separation segment.

### (b) Geographical information

No information on geographical information is presented as the principal operation of the Group relates to the manufacturing and sales of LPG, propylene, polypropylene, premium grade polypropylene, MTBE, hydrogen, isobutylene and other gas products, utilities and provision of transport and logistic services entirely in the PRC.

## 33. Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group's capital structure consists of equity attributable to owners of the parent, comprising issued capital, retained earnings and other reserves.

The Group monitors capital on the basis of the carrying amount of equity less cash and bank balances as presented in the statement of financial position.

There were no changes in the Group's approach to capital management during the year. As disclosed in Note 19 to the financial statements, the subsidiary corporations in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirements in accordance with the directors, has been complied by the PRC subsidiary corporations for the financial years ended 31 December 2024 and 2023.

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and to maintain an optimal capital structure to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new shares or convertible loans. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2024 and 2023.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 34. Event occurring after reporting date

On 31 March 2025, the Group issued 320,000,000 rights shares with S\$0.14/share. Total net proceeds from the Rights Issue amounted to approximately S\$44,650,000, after deducting estimated expenses of approximately S\$150,000.

The Rights Issue is classified as a non-adjusting event as it relates to conditions that arose after the reporting period of 31 December 2024. The issuance was announced by the Board of Directors of the Group on 28 September 2023 and approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 May 2024. The net proceeds from the Rights Issue will be used for the following purposes:

- (a) Expansion of business and potential acquisition(s) in the future to expend the business;
- (b) Debt service and other contractual payments; and
- (c) Costs incurred in connection with the Right Issue.

The net proceeds are expected to strengthen the Group's financial performance by funding growth initiatives and reducing debt obligations.

The above event is not expected to have a material effect to the Group for the financial year ended 31 December 2024.

## 35. New accounting standards and interpretation

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2025 and which the Group has not early adopted.

**Amendments to SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates*:** Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

SFRS(I) 1-21 is amended to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, SFRS(I) 1-21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 9 *Financial Instruments* and SFRS(I) 7 *Financial Instruments: Disclosures*:** Amendments to the Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2026)

SFRS(I) 9 and SFRS(I) 7 are amended to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect any significant impact arising from applying these amendments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 35. New accounting standards and interpretation (continued)

**SFRS(I) 18 *Presentation and Disclosure in Financial Statements*** (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 18 replaces SFRS(I) 1-1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance (comprising of the statement of profit or loss and other comprehensive income) and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of SFRS(I) 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
  - SFRS(I) 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the Group is currently evaluating the need for change.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
  - for the first annual period of application of SFRS(I) 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying SFRS(I) 18 and the amounts previously presented applying SFRS(I) 1-1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 35. New accounting standards and interpretation (continued)

**SFRS(I) 18 *Presentation and Disclosure in Financial Statements*** (effective for annual reporting periods beginning on or after 1 January 2027) (continued)

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with SFRS(I) 18.

**SFRS(I) 19 *Subsidiary Corporations without Public Accountability: Disclosures*** (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 19 allows for certain eligible subsidiary corporations of parent entities that report under SFRS(I) Accounting Standards to apply reduced disclosure requirements. This new standard works alongside other SFRS(I). An eligible subsidiary corporation applies the requirements in other SFRS(I) except for the disclosure requirements; and it applies instead the reduced disclosure requirements in SFRS(I) 19.

SFRS(I) 19 is a voluntary standard for eligible subsidiary corporations. A subsidiary corporation is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with SFRS(I) Accounting Standards.

The Group does not expect this standard to have an impact on its operations or financial statements.

## 36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors of Sinostar PEC Holdings Limited on 1 April 2025.

# SHAREHOLDINGS STATISTICS

As at 25 March 2025

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	105	5.33	92,950	0.01
1,001 - 10,000	845	42.87	5,787,700	0.60
10,001 - 1,000,000	1,007	51.09	62,810,254	6.54
1,000,001 AND ABOVE	14	0.71	891,309,096	92.85
<b>TOTAL</b>	<b>1,971</b>	<b>100.00</b>	<b>960,000,000</b>	<b>100.00</b>

## SHAREHOLDINGS HELD IN HAND OF PUBLIC

Based on the information available to the Company as at 25 March 2025, approximately 30.69% of the issued ordinary share of the Company is held by the public and therefore Rule 723 of the Listing Manual by SGX-ST is complied with.

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	INTELLIGENT PEOPLE HOLDINGS LIMITED	602,310,546	62.74
2	PHILLIP SECURITIES PTE LTD	164,874,250	17.17
3	CITIBANK NOMINEES SINGAPORE PTE LTD	57,181,100	5.96
4	UOB KAY HIAN PRIVATE LIMITED	43,595,200	4.54
5	DBS NOMINEES (PRIVATE) LIMITED	7,011,800	0.73
6	IFAST FINANCIAL PTE. LTD.	2,742,550	0.29
7	SEE GIM TEE OR SEI KIM HOE	2,451,500	0.26
8	RAFFLES NOMINEES (PTE.) LIMITED	2,421,900	0.25
9	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	1,815,100	0.19
10	MAYBANK SECURITIES PTE. LTD.	1,575,800	0.16
11	MOK TIAN SOON	1,556,000	0.16
12	ATMA SINGH S/O NAND SINGH	1,460,200	0.15
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,283,300	0.13
14	SEE BENG LIAN JANICE	1,029,850	0.11
15	AW YONG SAI CHIN	1,000,000	0.10
16	SEI KIM HOE	961,200	0.10
17	OCBC SECURITIES PRIVATE LIMITED	849,100	0.09
18	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	836,200	0.09
19	ESTATE OF GOH JUI HOO, DECEASED	780,000	0.08
20	WEI RAN	779,000	0.08
	<b>TOTAL</b>	<b>896,514,596</b>	<b>93.38</b>

# SHAREHOLDINGS STATISTICS

As at 25 March 2025

## SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Deemed Interest		Total	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Substantial Shareholders</b>						
Intelligent People Holdings Limited	602,310,546	62.74	63,078,750 <sup>(1)</sup>	6.57	665,389,296	69.31
Li Xiangping	–	–	665,389,296 <sup>(2)</sup>	69.31	665,389,296	69.31

### Notes:

- (1) Intelligent People Holdings Limited is deemed to be interested in 63,078,750 ordinary shares held under the name of Phillip Securities Pte Ltd.
- (2) Li Xiangping is deemed to be interested in 665,389,296 shares held by Intelligent People Holdings Limited and Phillip Securities Pte Ltd. by virtue of Section 7 of the Companies Act 1967.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Sinostar PEC Holdings Limited (the “**Company**”) will be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Room 325-326, 1 Raffles Boulevard, Singapore 039593 on Thursday, 24 April 2025 at 2.30 p.m. for the purpose of transacting the following businesses:

## As Ordinary Business:

1. To receive and adopt the Directors’ Report and Audited Accounts for the financial year ended 31 December 2024 and the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors who are retiring by rotation pursuant to Article 104 of the Company’s Articles of Association.  
  
Li Zhi **(Resolution 2)**  
Yan Tailing **(Resolution 3)**
3. To approve the payment of Directors’ Fees of S\$190,000 (2024: S\$262,000) for the financial year ending 31 December 2025, to be paid quarterly in arrears. **(Resolution 4)**
4. To re-appoint CLA Global TS Public Accounting Corporation as independent auditor of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

## As Special Business:

To transact any other ordinary business which may properly be transacted at an annual general meeting.

5. Renewal of shareholders’ mandate for interested person transactions  
  
“That:  
  
approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), for the renewal of the mandate for interested person transactions (the “**IPT General Mandate**”) which has been amended to incorporate certain changes including the revised individual and aggregate thresholds, particulars of which are set out in the Circular or any of them to enter into any of the transactions falling within the types of the interested person transactions described in the Circular; the IPT General Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the next Annual General Meeting of the Company; and the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to this Resolution.” **(Resolution 6)**  
(See appendix)
6. Authority to allot and issue shares in the capital of the Company (“**Shares**”) – Share Issue Mandate  
  
“That, pursuant to Section 161 of the Companies Act 1967 (that “**Act**”) and Rule 806 of the Listing Manual (the “**Listing Manual**”) of the SGX-ST, the Directors of the Company be authorised and empowered to:  
  
(A) (i) issue Shares in the Company whether by way of rights, bonus or otherwise; and/or  
  
(ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as at the time of passing of this Resolution);
  - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above on a pro-rata basis, the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
    - (a) new Shares arising from the conversion or exercise of convertible securities;
    - (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
    - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
  - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
  - (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.”  
(See Explanatory Note 2)

**(Resolution 7)**

By Order of the Board

Tan Chee How  
Company Secretary  
Singapore, 9 April 2025

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Detailed Information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Mr Li Zhi, and Mr Yan Tailing can be found under the section entitled 'Board of Directors' in the Annual Report.
2. The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 20% which may be issued other than on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time the Ordinary Resolution 7 is passed.

## Personal Data Privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## Notes:

1. The members of the Company are invited to attend physically at the Annual General Meeting ("**AGM**"). There will be no option for shareholders to participate virtually. Printed copy of this notice and the accompanying proxy form will be sent to members. These documents will also be published on the Company's website at the <http://www.sinostar-pec.com/html/ir.php> and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. Members may participate in the AGM by:
  - (a) attending the AGM in person;
  - (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
  - (c) voting at the AGM
    - (i) themselves personally; or
    - (ii) through their duly appointed proxy(ies).

CPFIS Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 April 2025, being seven (7) working days prior to the date of the AGM.

Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967:

- (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
5. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:

- (a) If submitted by post, be lodged at the Company's Share Registrar, 36 Robinson Road, #20-01 City House, Singapore 068877
- (b) If submitted electronically, be submitted via email to [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia)

In either case, by 2.30 p.m. on 22 April 2025, being no later than 48 hours before the time set for the AGM.

7. The Chairman of the AGM, as proxy, need not be a member of the Company.
8. Members submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner by 5.00 p.m. on 17 April 2025:

- (a) by email to [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia)
- (b) by post to the registered office of the Company's Share Registrar at 36 Robinson Road, #20-01 City House, Singapore 068877

The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet by 19 April 2025 after trading hours.

9. The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM, together with responses to subsequent clarifications sought or follow-up questions raised by shareholders in respect of substantial and relevant matters on SGXNet and the Company's website.

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# PROXY FORM

## ANNUAL GENERAL MEETING

### SINOSTAR PEC HOLDINGS LIMITED

Company No. 200609833N

(Incorporated in Singapore with limited liabilities)

#### IMPORTANT:

- CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
- This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ NRIC/PASSPORT /Co. Registration No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of SINOSTAR PEC HOLDINGS LIMITED (the “**Company**”), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %	
			No of shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %	
			No of shares	(%)

or failing the person, or either or both persons referred to above, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting (“**Meeting**”) of the Company to be held on Thursday, 24 April 2025, at 2.30 p.m. at Suntec Singapore Convention & Exhibition Centre, Level 3, Room 325-326, 1 Raffles Boulevard, Singapore 039593 and at any adjournment thereof. I/We direct my/our proxy to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her own discretion. In appointing the Chairman of the AGM as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

No.	Resolutions relating to:	For	Against	Abstain
1.	Directors’ Report and Audited Accounts for the financial year ended 31 December 2024			
2.	Re-election of Mr Li Zhi as a Director			
3.	Re-election of Mr Yan Tailing as a Director			
4.	Approval of the payment of Directors’ Fees of S\$190,000 for the financial year ending 31 December 2025.			
5.	Re-appointment of CLA Global TS Public Accounting Corporation as Independent Auditor			
6.	Renewal of shareholders’ mandate for interested person transactions			
7.	Authority to allot and issue shares in the capital of the Company – Share Issue Mandate			

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the Meeting. Alternatively, please indicate the number of votes as appropriate, if you mark “abstain” you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2025

#### TOTAL NUMBER OF SHARES IN:

(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s) and  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**





**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares registered in your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
2. A member of the Company who is not a Relevant Intermediary entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member who is not a Relevant Intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to paragraph below, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attend the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
6. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged at the Company's registered office of the Company at 36 Robinson Road, #20-01 City House, Singapore 068877; or
- (b) if submitted electronically, be submitted via email at [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia),

in either case by no later than 2.30 p.m. on 22 April 2025, being forty-eight (48) hours before the time appointed for the AGM.

a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically either through email to [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia).

7. The instrument appointing the proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
8. Investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM.

**\* A Relevant Intermediary is:**

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing the proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2025.

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中星石化控股有限公司  
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