

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

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

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

	Note	The Group 3 months ended 31 March		+/- %
		2022 RMB'000	2021 RMB'000	
Revenue	4.2	1,122,278	960,383	16.9
Cost of sales		(1,036,899)	(850,538)	21.9
Gross profit		85,379	109,845	-22.3
Other income		2,097	3,600	-41.8
Distribution costs		(18)	(15)	20.0
Administrative costs		(6,468)	(6,360)	1.7
Other operating expense		(44)	(198)	-77.8
Finance costs		(12,577)	(8,551)	47.1
Profit before taxation	5	68,369	98,321	-30.5
Income tax expense	6	(18,077)	(23,948)	-24.5
Total comprehensive profit for the period		50,292	74,373	-32.4
Total comprehensive income attributable to:				
Equity holders of the Company		38,255	59,337	
Non-controlling interests		12,037	15,036	
		50,292	74,373	
Earnings per share attributable to equity holders of the Company (RMB cents per share)				
Basic		5.98	9.27	
Diluted		5.98	9.27	

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		31 March 2022 RMB'000	31 December 2021 RMB'000	31 March 2022 RMB'000	31 December 2021 RMB'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment		1,720,087	1,744,144	-	-
Right-of-use assets		4,002	4,002	-	-
Intangible assets		90,486	90,547	-	-
Goodwill on consolidation	8	10,345	10,345	-	-
Investment in subsidiary corporations		-	-	250,041	250,041
Financial asset, at fair value through other comprehensive income	9	79,761	79,761	-	-
		1,904,681	1,928,799	250,041	250,041
CURRENT ASSETS					
Intangible assets		1,085	1,088	-	-
Inventories	10	270,556	258,811	-	-
Trade and other receivables	11	45,982	54,335	-	-
Amount owing by a subsidiary corporation	11	-	-	7,488	7,487
Amounts owing by affiliated companies	11	44,755	12,404	-	-
Prepayments	12	10,539	2,983	-	-
Cash and bank balances		556,423	702,615	979	1,828
		929,340	1,032,236	8,467	9,315
TOTAL ASSETS		2,834,021	2,961,035	258,508	259,356
EQUITY					
Equity attributable to equity holders of the parents					
ASSETS					
Share capital	13	316,125	316,125	316,125	316,125
Retained profits/(accumulated losses)		563,645	525,368	(59,758)	(58,934)
Fair value reserves		34,517	34,517	-	-
Capital reserves		250,000	250,000	-	-
Other reserves		122,554	122,576	-	-
		1,286,841	1,248,586	256,367	257,191
Non-controlling interests		279,908	267,871	-	-
TOTAL EQUITY		1,566,749	1,516,457	256,367	257,191
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans from non-controlling interest	14	400,000	450,000	-	-
Bank borrowings	14	420,000	420,000	-	-
Lease liabilities		3,911	3,911	-	-
		823,911	873,911	-	-
CURRENT LIABILITIES					
Loan from non-controlling interests	14	200,000	175,000	-	-
Bank borrowings	14	60,000	60,000	-	-
Lease liabilities		497	497	-	-
Trade and other payables	15	160,059	169,833	2,141	2,165
Amounts owing to affiliated companies	15	216	151,819	-	-
Current tax payable		22,589	13,518	-	-
		443,361	570,677	2,141	2,165
TOTAL EQUITY AND LIABILITIES		2,834,021	2,961,035	258,508	259,356

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - GROUP

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

	Share capital RMB'000	Retained earnings RMB'000	Fair value reserve RMB'000	Capital reserve RMB'000	Other reserves			Equity attributable to owners RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
					Statutory common reserve RMB'000	Voluntary Common reserve RMB'000	Sub-total RMB'000			
1 January 2021 to 31 March 2021										
Balance as at 1 January 2021	316,125	334,224	34,517	250,000	91,009	797	91,806	1,026,672	197,976	1,224,648
Total comprehensive income for the period	-	59,337	-	-	-	-	-	59,337	15,036	74,373
Transfer to statutory common reserve	-	(527)	-	-	527	-	527	-	-	-
Balance as at 31 March 2021	316,125	393,034	34,517	250,000	91,536	797	92,333	1,086,009	213,012	1,299,021

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

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

1 January 2021 to 31 March 2021	Share capital RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance as at 1 January 2021	316,125	(58,684)	257,441
Total comprehensive income for the period	-	(739)	(739)
Balance as at 31 March 2021	<u>316,125</u>	<u>(59,423)</u>	<u>256,702</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	3 months ended 31 March 2022 RMB'000	2021 RMB'000
Cash flows from operating activities		
Profit for the period	68,369	98,321
Adjustments for:-		
Depreciation of property, plant and equipment	39,560	27,728
Amortisation of land use rights	284	271
Property, plant and equipment written off	31	-
Interest expense	12,577	8,551
Interest income	(2,072)	(1,296)
Operating profit before working capital changes	118,749	133,575
Changes in working capital:		
Change in inventories	(11,745)	(25,925)
Change in amount owing to affiliated companies	(183,954)	(2,834)
Change in operating receivables	797	(1,608)
Change in operating payables	(9,774)	30,833
Cash generated from operations	(85,927)	134,041
Income tax paid	(9,006)	(35,592)
Net cash (used in)/generated from operating activities	(94,933)	98,449
Cash flows from investing activities		
Acquisition of property, plant and equipment	(16,823)	(24,418)
Proceeds from sales of property, plant and equipment	1,289	-
Acquisition of land use rights	(220)	-
Interest received	2,072	1,296
Net cash used in investing activities	(13,682)	(23,122)
Cash flows from financing activity		
Repayment of loan to non-controlling interests	(25,000)	(20,000)
Repayment of bank borrowings	-	(31,250)
Interest paid	(12,577)	(8,551)
Net cash used in financing activities	(37,577)	(59,801)
Net (decrease)/increase in cash and cash equivalents	(146,192)	15,526
Cash and cash equivalents at beginning of period	702,615	352,035
Cash and cash equivalents at end of period	556,423	367,561
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:		
Cash on hand	41	114
Bank balances	556,382	358,447
Fixed deposits placed with financial institutions	-	9,000
	556,423	367,561

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

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

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

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

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

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

These condensed interim consolidated financial statements as at and for the three months ended 31 March 2022 comprise the Company and its subsidiaries (collectively, “the Group”).

2. Basis of Preparation

The condensed interim financial statements for the three months ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2021.

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

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

2.1. New and amended standards adopted by the Group

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

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is the useful lives of property, plant and equipment. The costs of property, plant and equipment are depreciated using the straight-line to allocate the depreciable amount over the estimated useful life. The useful lives of these assets are estimated by the management using common life expectancies applied in the industry and country of operations. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, thus affecting the depreciation charges of property, plant and equipment.

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

3. Seasonal operations

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

4. Segment and revenue information

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

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

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

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

4. Segment and revenue information (Cont'd)

4.1. Reportable segments

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

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

4. Segment and revenue information (Cont'd)

4.1. Reportable segments (Cont'd)

	The Group 3 months ended 31 March 2021		
	Gas Separation RMB'000	Transport and Logistic Services RMB'000	Total RMB'000
Revenue			
External customers	902,513	57,870	960,383
Inter-segment sales	156,657	13	156,670
Total revenue	<u>1,059,170</u>	<u>57,883</u>	<u>1,117,053</u>
Segment assets	<u>2,293,953</u>	<u>19,440</u>	<u>2,313,393</u>
Segment liabilities	<u>48,991</u>	<u>9,857</u>	<u>58,848</u>
Results			
Segment results	<u>103,417</u>	<u>5,891</u>	<u>109,308</u>
Unallocated expenses			
Unallocated corporate expenses			(3,732)
Profit from operations			105,576
Finance income			1,296
Finance cost			(8,551)
Profit before tax			98,321
Tax expense			(23,948)
Profit after tax			<u>74,373</u>
Segments assets for reportable segments			2,313,393
Other assets			
Unallocated			
Amounts owing by affiliated companies			247
Cash and cash equivalents			367,561
Other receivables			1,419
Goodwill on consolidation			10,345
			<u>2,692,965</u>
Segments liabilities for reportable segments			
Other liabilities			58,848
Unallocated			
Other payables			120,616
Amounts owing to affiliated companies			-
Bank borrowings			500,000
Loan from non-controlling interest			685,000
Current tax payable			29,480
			<u>1,393,944</u>

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

4. Segment and revenue information (Cont'd)

4.2. Disaggregation of Revenue

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

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

	The Group		
	3 months ended 31 March 2021		
	Gas Separation	Transport and	Total
	RMB'000	Logistic Services	RMB'000
	RMB'000	RMB'000	RMB'000
People's Republic of China			
Liquefied petroleum gas	118,525	-	118,525
Propylene	236,034	-	236,034
Polypropylene	72,695	-	72,695
Premium grade polypropylene	20,859	-	20,859
Methyl Tert-Butyl Ether ("MTBE")	365,975	-	365,975
Hydrogen	49,294	-	49,294
Isobutylene	35,246	-	35,246
Other Gas	3,886	-	3,886
Transport and logistic services	-	57,869	57,869
	<u>902,514</u>	<u>57,869</u>	<u>960,383</u>

5. Profit before taxation

Significant items

	The Group	
	3 months ended	3 months ended
	31 March 2022	31 March 2021
	RMB'000	RMB'000
Interest income	<u>2,072</u>	<u>1,296</u>
Expenses:		
Interest on borrowings	12,577	8,551
Amortisation of land use rights	284	271
Depreciation of property, plant and equipment	39,560	27,728
Property, plant and equipment written off	31	-

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

6. Income tax expense

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

	The Group	
	3 months ended 31 March 2022 RMB'000	3 months ended 31 March 2021 RMB'000
Current income tax expense		
- Profit for the financial period	18,077	23,948

7. Property, plant and equipment

During the three months ended 31 March 2022, the Group acquired assets amounting to RMB16,823,000 (31 March 2021: RMB 24,418,000) and disposed of assets with net carrying value amounting to RMB 31,000 (31 March 2021: RMB nil).

8. Goodwill arising on consolidation

	The Group	
	31 March 2022 RMB'000	31 December 2021 RMB'000
Cost and carrying amount		
Beginning and end of year	10,345	10,345

8.1. Goodwill impairment

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

	The Group	
	31 March 2022 RMB'000	31 December 2021 RMB'000
Dongming Changshun Transport Company Limited (东明县昌顺运输有限公司)	2,501	2,501
Dongming Qianhai Petrochemical Co., Ltd. (东明前海化工有限公司)	7,844	7,844
	10,345	10,345

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

8. Goodwill arising on consolidation (Cont'd)

8.1. Goodwill impairment (Cont'd)

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using terminal growth rate of 3% (2021: 3%). These cash flows were discounted using a pre-tax discount rate of 10% (2021: 10%) that reflected current market assessment of the time value of money and the risks specific to the CGUs. The growth rate is based on past performance and expectations on market development.

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

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

9. Financial assets at fair value through other comprehensive income

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

	The Group	
	31 March 2022 RMB'000	31 December 2021 RMB'000
Equity security (unquoted) - Dongming Qianhai Reli Co., Ltd. (东明前海热力有限公司)		
Beginning and end of period	79,761	30,450

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

9.1. Fair value measurement

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

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

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

	Level 3 RMB'000
31 March 2022 Financial assets, at FVOCI	79,761
31 December 2021 Financial assets, at FVOCI	79,761

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

10. Inventories

	The Group		The Company	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
At cost				
Raw materials	80,755	155,636	-	-
Finished goods	189,801	103,175	-	-
	<u>270,556</u>	<u>258,811</u>	-	-

11. Trade and other receivables

	The Group		The Company	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
– Non-related parties	34,774	26,053	-	-
Other receivables				
– Non-related parties	10,008	9,868	-	-
Accrued revenue	-	16,878	-	-
Advances made to staff	1,200	1,395	-	-
Refundable deposits	-	141	-	-
	<u>45,982</u>	<u>54,335</u>	-	-

	The Group		The Company	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amount owing by a subsidiary corporation				
Loans to a subsidiary corporation	-	-	7,488	7,487
	<u>-</u>	<u>-</u>	<u>7,488</u>	<u>7,487</u>

	The Group		The Company	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amount owing by affiliated companies				
	44,755	12,204	-	-
	<u>44,755</u>	<u>12,204</u>	<u>-</u>	<u>-</u>

12. Prepayments

	The Group		The Company	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments				
Raw materials	117	-	-	-
Others	10,422	2,983	-	-
	<u>10,539</u>	<u>2,983</u>	<u>-</u>	<u>-</u>

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

13. Share capital

	The Group and the Company			
	31 March 2022		31 December 2021	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Issued and fully paid, with no par value Balance at beginning and at end of interim period	640,000	316,125	640,000	316,125

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

14. Borrowings

	The Group		The Company	
	31 March 2022 RMB'000	31 December 2021 RMB'000	31 March 2022 RMB'000	31 December 2021 RMB'000
Amount repayable within one year or on demand				
- Secured	60,000 ^(a)	60,000 ^(a)	-	-
- Unsecured	200,000 ^(b)	175,000 ^(b)	-	-
Amount repayable after one year				
- Secured	420,000 ^(a)	420,000 ^(a)	-	-
- Unsecured	400,000 ^(b)	450,000 ^(b)	-	-

(a) Bank borrowings of the subsidiary Dongming Hengchang is secured by a corporate guarantee from an affiliated company, Dongming Zhongyou Fuel and Petrochemical Co., Ltd (东明中油燃料石化有限公司). Full settlement is scheduled by 2 January 2027;

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

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

15. Trade and other payables

	The Group		The Company	
	31 March 2022 RMB'000	31 December 2021 RMB'000	31 March 2022 RMB'000	31 December 2021 RMB'000
Trade payables				
– Non-related parties	31,873	69,796	-	-
Other payables				
– Non-related parties	42,629	51,378	2,141	850
– staff	512	221	-	-
Accruals	27,336	8,228	-	1,315
VAT payables	10,171	14,028	-	-
Other governmental tax payables	1,979	2,375	-	-
Contract liabilities – advance collection from customers	45,559	23,807	-	-
	<u>160,059</u>	<u>169,833</u>	<u>2,141</u>	<u>2,9165</u>

	The Group		The Company	
	31 March 2022 RMB'000	31 December 2021 RMB'000	31 March 2022 RMB'000	31 December 2021 RMB'000
Amount owing to affiliated companies				
– Trade	-	151,819	-	-
– Non-trade	216	-	-	-
	<u>216</u>	<u>151,819</u>	<u>-</u>	<u>-</u>

16. Net Asset Value

	The Group		The Company	
	31 March 2022 RMB'000	31 December 2021 RMB'000	31 March 2022 RMB'000	31 December 2021 RMB'000
Net asset value per ordinary share	2.01	1.95	0.40	0.40

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

17. Financial assets and financial liabilities

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

	Note	The Group		The Company	
		31 March 2022 RMB'000	31 December 2021 RMB'000	31 March 2022 RMB'000	31 December 2021 RMB'000
Financial Assets					
- At FVOCI	9	79,761	79,761	-	-
- At amortised cost		645,960	767,959	8,467	9,315
		<u>725,721</u>	<u>847,720</u>	<u>8,467</u>	<u>9,315</u>
Financial Liabilities					
- At amortised cost		1,186,974	1,390,850	2,141	2,165

18. Affiliated companies transactions

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

	The Group	
	31 March 2022 RMB'000	31 March 2021 RMB'000
Sales to affiliated companies		
- 山东东明石化集团有限公司	-	15,798
- 东明石油经销有限公司	-	12,344
- 山东润泽化工有限公司	23,926	49,141
- 山东东明梨树化学有限公司	92,257	82,463
- 东明中油燃料石化有限公司	24,670	2,772
- 东明万海氯碱化工有限公司	3,580	-
Purchases from affiliated companies		
- 东明石油经销有限公司	-	-
- 山东润泽化工有限公司	8,999	11,322
- 东明中油燃料石化有限公司	561,141	479,016
- 山东东明石化集团有限公司	12,713	5,670
- 山东东明梨树化学有限公司	47,994	58,341
- 山东炼化能源集团有限公司	9,546	-
- 东明润明油品销售有限公司	13,374	-
- 东明前海热力有限公司	102,628	-
- 江苏新海化工有限公司	25,869	-
Contra transactions with affiliated companies		
- 山东润泽化工有限公司	46,596	-
- 东明前海热力有限公司	21,797	-
- 山东劲海化工有限公司	838	-
- 山东东明石化集团电力有限公司	637	-
Interest expenses on loan charged by affiliated company		
- 山东东明石化集团有限公司	7,419	8,283
Other individually immaterial transactions		
	2,250	2,677

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

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

19. Subsequent events

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

OTHER INFORMATION

1. Review

The consolidated statement of financial position of Sinostar PEC Holdings Limited and its subsidiaries as at 31 March 2022 and the related consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

For the three months period ended 31 March 2022:

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

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

In 1Q21, through fractionation process approximately 19,600 tonne of processed LPG and 8,000 tonne of propylene were produced from the 150k tonne installation with another 50,000 tonne of processed LPG and 14,400 tonne of propylene produced from the 300k tonne installation, both at about 74% and 85% respective capacity.

Revenue

1Q22	3 months ended		3 months ended		+/(-)
	31 March 2022		31 March 2021		
Analysis of Revenue	RMB'000	%	RMB'000	%	%
Processed LPG - Total	394,408	35.1%	275,182	28.7%	43.3%
- Inter-company*	(276,963)	-24.7%	(156,657)	-16.3%	76.8%
Propylene	-	-	82,883	8.6%	-100.0%
Polypropylene	60,664	5.4%	72,695	7.6%	-16.5%
Premium grade polypropylene					
- Total	306,849	27.3%	20,859	2.2%	1,371.1%
- Inter-company***	(3,809)	-0.3%	-	-	NM
MTBE	494,846	44.1%	365,975	38.1%	35.2%
Propylene II - Total	150,388	13.4%	153,151	15.9%	-1.8%
- Inter-company**	(150,388)	-13.4%	-	-	NM
Hydrogen	46,806	4.2%	49,294	5.9%	-5.0%
Isobutylene	46,316	4.1%	35,246	3.7%	31.4%
Other Gas	5,217	0.5%	3,886	0.4%	34.3%
Logistic & transport related services	47,944	4.3%	57,869	6.0%	-17.2%
TOTAL	1,122,278	100.0%	960,383	100.0%	16.9%

* supplied of LPG to subsidiary Dongming Qianhai

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

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

NM - Not Meaningful

OTHER INFORMATION (CONT'D)

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

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

Revenue (Cont'd)

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

(a) **Processed LPG**

LPG increases by 43.3% from RMB 275.2 million in 1Q21 to RMB 394.4 million in 1Q22, included the inter-company transactions. A total of 69,787 tonnes produced and sold during the periods, a decrease of 6.9% as compared to 1Q21. Average selling prices ("ASP") and average cost of production ("ACP") during the period increase by 53.9% and 54.6% respectively as compared to 1Q21.

(b) **Propylene**

Propylene is used to further process into polypropylene due to higher margin and only excess output will be sold to markets.

During the 1Q22 reporting period, all propylene output were used to process to polypropylene and premier grade polypropylene.

(c) **Polypropylene**

Polypropylene decreases by 16.5% from RMB 72.7 million in 1Q21 to approximately RMB 60.7 million in 1Q22. Production output by decreases by 17.4% to 8,233 tonnes whereas both ASP and ACP during the period increase by 1.0% and 2.1% respectively as compared to 1Q21.

(d) **Premium grade polypropylene**

Premium grade polypropylene increases by 1,371.1% from RMB 20.9 million in 1Q21 to RMB 306.8 million in 1Q22, included the inter-company transactions. A total of 41,380 tonnes sold during the periods, an increase of 1449.7% as compared to 1Q21. Average selling prices ("ASP") and average cost of production ("ACP") during the period decrease by 5.1% and 32.6% respectively as compared to 1Q21.

(e) **MTBE**

MTBE increases by 35.2% from RMB 366.0 million in 1Q21 to approximately RMB 494.8 million in 1Q22. Production output by decreases by 3.0% to 82,181 tonnes whereas both ASP and ACP during the period increase by 39.4% and 54.4% respectively as compared to 1Q21.

(f) **Propylene II**

All total of 21,743 tonne of propylene II produced was sold to Dongming hengchang for further process into premier grade polypropylene.

OTHER INFORMATION (CONT'D)

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

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

Revenue (Cont'd)

(g) Hydrogen

Hydrogen is mainly transacted with an affiliate party for its production utilities consumption. During the period, production output decreases by 5.1% to 3,187 tonnes resulted the revenue to decrease from RMB 49.2 million in 1Q21 to RMB 46.8 million in 1Q22.

(h) Isobutylene

Isobutylene increases by 31.4% from RMB 35.2 million in 1Q21 to RMB 46.3 million in 1Q22. Total production output decreases by 7.2% to 4,954 tonnes, both the ASP and ACP during the reporting period increase by 41.5% and 59.3% respectively as compared to 1Q21.

(i) Logistics & transport related service

Revenue from this business decreases by 17.2% from RMB 57.9 million in 1Q21 to RMB 47.9 million in 1Q22, mainly due to (i) rising oil price leading to increase in vehicle fuel costs; (ii) more enforcement of transportation control measurement implemented by provinces government due to covid-19 resulted (iii) stiff competitive in the transport industry that lowering the margin.

Gross profit

Gross profit decreases from RMB 109.8 million in 1Q21 to approximately RMB 87.0 million in 1Q22. This is due to decrease in the production volume due to our strategic partner, Dongming Zhongyou shut down its production plant for a periodical maintenance which temporary halted the raw LPG supplies for about three weeks in March 2022. Also, couple with decrease in margin generated from logistics and transport related services.

Other income and expenses

(a) Other income

Comprise mainly of bank interest earned on short-term deposits placed with financial institution amounted to approximately RMB 2.0 million and balances on other non-trade receivables in 1Q22.

(b) Administrative costs

Increased is mainly due to the increase in overheads of the holding listed entity.

(c) Finance costs

Interests incurred on the loan from non-controlling interest amounted to RMB 7.4 million and RMB 5.2 million on external bank borrowing in 1Q22.

(d) Taxation

Increase is in tandem to increase in the sale transaction activities.

Net Profit

The Group made a profit of RMB 38.3 million in 1Q22 attributed to the equity holders of the company, as compared to profit of RMB 59.3 million in 1Q21.

OTHER INFORMATION (CONT'D)

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

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

Condensed Interim Consolidated Statements of Financial Positions

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

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

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

(b) **Inventories**

Inventories comprise of approximately RMB 80.6 million of raw materials and equivalent value of RMB 189.8 million on finished petrochemical products, recorded at cost.

(c) **Prepayment**

Increase is mainly due to amount paid to suppliers for purchase of equipment amounted to RMB 6.8 million and RMB 2.3 million to an affiliated company Jiangsu Xinhai New Energy Co., Limited (江苏新海新能源有限公司) for vehicles refuel cost.

(d) **Non-controlling interest**

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

(e) **Bank Borrowings**

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

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

This is from non-controlling interest Dongming Petrochem Group (represent 30% minority stake in subsidiary Dongming Qianhai) to finance the working capital use in Dongming Qianhai since acquisition. Loan is unsecured, bearing interest at 4.75% per annum with scheduled quarterly repayments till April 2025. There was a repayment of RMB 25.0 million made in 1Q22.

(g) **Amounts owing to affiliated companies**

Decrease is mainly due to settlement of an outstanding amount RMB 150.0 million purchase of raw materials owing to Dongming Zhongyou.

Condensed Interim Consolidated Statement of Cash Flow

As of 31 March 2022, the Group used RMB 94.9 million net cash from operating, offset RMB 13.7 and RMB 37.6 million net cash used in both investing and financing activities, respectively. As a result, the Group's cash and cash equivalent amounted to RMB 556.4 million.

OTHER INFORMATION (CONT'D)

- 3.(i) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2022.

- 3.(ii) **Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 March 2022	31 December 2021
Number of issued shares (excluding treasury shares)	640,000,000	640,000,000
Number of treasury shares held	NIL	NIL

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

Not applicable.

OTHER INFORMATION (CONT'D)

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

	3 months ended 31 March	
	2022	2021
Profit/(loss) per share for the period based on net profit attributable to owners of the parent company		
(a) Based on basic number of ordinary shares on issue	5.98	9.27
No. of shares in issue (weighted average)	640,000,000	640,000,000
(b) On a fully diluted basis	5.98	9.27
No. of shares in issue (weighted average)	640,000,000	640,000,000

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

None.

6. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group is trading cautiously on rising Covid-19 cases and China government is tightening measures to control the spread of the virus. Nonetheless, according to the latest quarterly median estimate survey, China's GDP is still expected to grow at 5.3% in 2022.

As a result, the Group is still positive on the long-term demand of its petrochemical products which are used across a wide range of industries.

In particular, the Group's new polypropylene plant, which was completed at the end of 2020, has been in stable production and produces premier graded polypropylene which are used in the production of food packaging and other consumer products, and also can be applied to automotive accessories. Growth in the Polypropylene segment is readjusted to a revised 11.4% CAGR for the next 7-year period. This segment currently accounts for 25.1% share of the global Disposable Protective Clothing market. China is forecast to reach \$1.2 Billion by 2026.

The Group will continue to be prudent and manage its cash flow carefully while optimizing production.

OTHER INFORMATION (CONT'D)

7. Dividend information

- (a) Current Financial Period Reported On
Any dividend recommended for the current financial period reported on?
No.
- (b) Corresponding Period of the Immediately Preceding Year
Any dividend declared for the corresponding period of the immediately preceding year?
None.
- (c) Date payable
NA.
- (d) Book Closure Date
NA.

8. Interested person transactions

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<p>For period from January 2022 to March 2022;-</p> <p>Dongming Zhongyou Fuel and Petrochemical Company Limited (东明中油燃料石化有限公司)</p> <ul style="list-style-type: none"> - Purchase of raw LPG - Purchase of utilities - Logistics & transport related services provided to - Purchase of diesel <p>Shandong Dongming Petrochem Group Co., Ltd. (山东东明石化集团有限公司)</p> <ul style="list-style-type: none"> - Purchase of utilities, part & components - Logistics & transport related services provided to - Accrued Interest on loan from non-controlling interest 	<p>RMB 54 ,018</p>	<p>RMB 642,703,330</p> <p>RMB 4,696,317</p> <p>RMB 24,269,923</p> <p>RMB 12,926,155</p> <p>RMB 127,925</p> <p>RMB 7,418,576</p>

OTHER INFORMATION (CONT'D)

8. Interested person transactions (Cont'd)

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<p>For period from January 2022 to March 2022;- (Con'td)</p> <p>Shandong Runze Petrochemical Co., Ltd (山东润泽化工有限公司)</p> <ul style="list-style-type: none"> - Purchase of utilities, part & components - Sale of Hydrogen gas - Sale of utilities - Sale of processed LPG - Logistics & transport related services provided to <p>Dongming Crude Oil Distribution Co., Ltd (东明石油经销有限公司)</p> <ul style="list-style-type: none"> - Logistics & transport related services provided to - Purchase of utilities - Consignment fee <p>Shandong Dongming Lishu Petroluem Co., Ltd (山东东明梨树化学有限公司)</p> <ul style="list-style-type: none"> - Sales of processed LPG - Purchase of LPG - Purchase of utilities - Logistics & transport related services provide to <p>Dongming Runming Oil Products Distribution Co., Limited (东明润明油品销售有限公司)</p> <ul style="list-style-type: none"> - Logistics & transport related services provide to 	<p>RMB 766,282</p>	<p>RMB 19,812,807</p> <p>RMB 46,522,781</p> <p>RMB 73,287</p> <p>RMB 23,926,253</p> <p>RMB 50,423</p> <p>RMB 699,315</p> <p>RMB 626,748</p> <p>RMB 92,256,839</p> <p>RMB 46,413,143</p> <p>RMB 2,920</p> <p>RMB 1,580,731</p> <p>RMB 56,468</p>

OTHER INFORMATION (CONT'D)

8. Interested person transactions (Cont'd)

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
For period from January 2022 to March 2022;- (Con'td)		
Shandong LianHua Energy Group Co., Limited (山东炼化能源集团有限公司)#		
- Purchase of propylene	RMB 1,347,005	
Dongming WanHaiLuiJiang Petrochemical Co., Ltd (东明万海氯碱化工有限公司)		
- Logistics & transport related services provided to		RMB 3,580,233
Dongming Qianhai Reli Co., Ltd. (东明前海热力有限公司)#		
- Purchase of utilities		RMB 102,698,458
- Sales of utilities	RMB 63,714	
- Contra on purchase of utilities	RMB 21,796,752	
Jiangsu Xinghai Petrochem Co., Ltd (江苏新海化工有限公司)#		
- Purchase of propylene	RMB 25,869,444	

OTHER INFORMATION (CONT'D)

8. Interested person transactions (Cont'd)

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<p>For period from January 2022 to March 2022;- (Con'td)</p> <p>Shandong Jin-hai Petrochemical Pte Ltd (山东劲海化工有限公司) ^</p> <p>- Utilities on contra of production costs</p> <p>Shandong Jie-yuan Environmental Technology Pte Ltd (东明洁源环保科技有限公司) ^</p> <p>- Purchase of utilities - Contra on purchase of utilities</p> <p>Shandong Dongming Petrochem Group Electricity Pte Ltd (山东东明石化集团电力有限公司) ^</p> <p>- Utilities contra on production costs</p> <p>Jiangsu Xinhai New Energy Co.,Limited (江苏新海新能源有限公司) ^</p> <p>- Prepaymentsfor petrol cost</p>	<p>RMB 838,392</p> <p>RMB 164,678</p> <p>RMB 636,781</p> <p>RMB 2,067,118</p>	<p>RMB 482,740</p>

Note : The Company had made an announcement on 28 February 2022 in respect of several interested persons transactions ("IPT Announcement") that it had entered into in 2021 with Dongming Qianhai Reli Co. Ltd (东明前海热力有限公司), Jiangsu Xinghai Petrochem Co., Ltd (江苏新海化工有限公司) and Jiangsu Renhai Oil Products Distribution Co., Ltd (江苏润海油品销售有限公司) which are not covered under the existing IPT mandate approved by the shareholders, and are of a revenue and trading nature ("Past Recurrent IPTs"). The Company shall be convening an EGM to obtain shareholders' approval for the proposed ratification of the Past Recurrent IPTs and the adoption of the proposed new IPT General Mandate for future IPTs with the above-mentioned companies. The details of the Past Recurrent IPTs, proposed ratification of the Past Recurrent IPTs and the adoption of the proposed new IPT General Mandate for future IPTs are set out in the IPT Announcement.

^ New transactions with these related entities and transactions will also pending for proposed new mandate

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Li Xiangping	61	Father of Li Zhi, non-executive Director of the Company.	Non-Executive Chairman Since 2006, redesignated to Executive Chairman and CEO from April 2021. Substantial shareholder of the Company.	From non-executive Chairman to Executive Chairman from April 2021.
Li Zhi	36	Son of Mr Li Xiangping, the Non-Executive Chairman of the Company.	Non-Executive Director of the Company Since 2019	Appointed in year 2019.

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

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

BY ORDER OF THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the first quarter ended 31 March 2022 to be false or misleading in any material aspect.

Li Xiang Ping,

Executive Chairman and CEO

William Tan

CFO

Singapore
13 May 2022