

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

**UNAUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding year.

**Consolidated statement of comprehensive income for the  
Year ended 31 December 2019**

|   | Full year ended<br>31/12/2019<br><u>RMB'000</u> | Full year ended<br>31/12/2018<br><u>RMB'000</u> | Change<br>+ / (-)<br>% |
|---|---|---|------------------------|
| Revenue   | 3,660,048                                       | 2,259,480                                       | 62%                    |
| Cost of sales   | (3,393,439)                                     | (2,131,469)                                     | 59%                    |
| Gross profit  | 266,609   | 128,011   | 108%                   |
| Other income  | 24,555  | 6,858   | 258%                   |
| Distribution costs  | (892)   | (926)   | -4%                    |
| Administrative costs  | (55,070)  | (21,821)  | 152%                   |
| Other operating expenses  | (57)  | (96)  | -41%                   |
| Finance costs   | (51,258)  | -   | 100%                   |
| Profit before taxation  | 183,887   | 112,026   | 64%                    |
| Taxation  | (45,873)  | (29,323)  | 56%                    |
| <b>Net profit, representing total comprehensive<br/>income for the financial year</b> | <b>138,014</b>                                  | <b>82,703</b>                                   | <b>67%</b>             |
| Attributable to:  |   |   |                        |
| Equity holders of the Company   | 113,692   | 82,703  |                        |
| Non-controlling interests   | 24,322  | -   |                        |
|   | <b>138,014</b>                                  | <b>82,703</b>                                   |                        |

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**Notes to the Consolidated statement of comprehensive income**

|   | <b>Full year ended</b> | Full year ended | Change (+/-) |
|---|------------------------|-----------------|--------------|
|   | <b>31/12/2019</b>      | 31/12/2018      |              |
|   | <b><u>RMB'000</u></b>  | <u>RMB'000</u>  | <u>%</u>     |
| Profit before tax is arrived at after charging/(crediting): |                        |                 |              |
| Interest income   | <b>(3,919)</b>         | (5,620)         | 30%          |
| Interest expense  | <b>51,258</b>          | -               | 100%         |
| Amortisation of land use rights                             | <b>984</b>             | -               | 100%         |
| Depreciation of property, plant and equipment               | <b>119,196</b>         | 23,001          | 418%         |
| Depreciation of right-of-use assets                         | <b>425</b>             | -               | 100%         |
| Loss on disposal of property, plant and equipment           | -                      | 511             | -100%        |
| Property, plant and equipment written off                   | <b>(752)</b>           | -               | 100%         |

NM – Not meaningful

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

|   | GROUP                   |                         | COMPANY               |                       |
|---|-------------------------|-------------------------|-----------------------|-----------------------|
|   | 31/12/2019              | 31/12/2018              | 31/12/2019            | 31/12/2018            |
|   | <u>RMB'000</u>          | <u>RMB'000</u>          | <u>RMB'000</u>        | <u>RMB'000</u>        |
| <b>ASSETS</b>                                       |                         |                         |                       |                       |
| <b>NON-CURRENT ASSETS</b>                           |                         |                         |                       |                       |
| Property, plant and equipment                       | 1,635,133               | 1,521,040               | -                     | -                     |
| Right-of-use assets                                 | 4,852                   | -                       | -                     | -                     |
| Land use rights                                     | 92,317                  | 70,038                  | -                     | -                     |
| Goodwill on consolidation                           | 10,345                  | 10,345                  | -                     | -                     |
| Investment in subsidiaries                          | -                       | -                       | 250,041               | 250,041               |
| Investment securities                               | 30,450                  | 30,450                  | -                     | -                     |
|   | <u>1,773,097</u>        | <u>1,631,873</u>        | <u>250,041</u>        | <u>250,041</u>        |
| <b>CURRENT ASSETS</b>                               |                         |                         |                       |                       |
| Land use rights                                     | 1,136                   | 1,484                   | -                     | -                     |
| Inventories   | 92,766                  | 102,253                 | -                     | -                     |
| Trade and other receivables                         | 42,879                  | 66,549                  | -                     | -                     |
| Prepayments   | 8,400                   | 14,048                  | -                     | -                     |
| Amount owing by a subsidiary                        | -                       | -                       | 14,376                | 35,711                |
| Amount owing by affiliated companies                | 2,810                   | 692                     | -                     | -                     |
| Amount owing by non-controlling interest            | 137,757                 | 192,700                 | -                     | -                     |
| Cash and bank balances                              | 66,247                  | 426,215                 | 500                   | 2,358                 |
|   | <u>351,995</u>          | <u>803,941</u>          | <u>14,876</u>         | <u>38,069</u>         |
| <b>TOTAL ASSETS</b>                                 | <u><b>2,125,092</b></u> | <u><b>2,435,814</b></u> | <u><b>264,917</b></u> | <u><b>288,110</b></u> |
| <b>EQUITY</b>                                       |                         |                         |                       |                       |
| <b>Equity attributable to owners of the company</b> |                         |                         |                       |                       |
| Share capital                                       | 316,125                 | 316,125                 | 316,125               | 316,125               |
| Retained earnings/(accumulated losses)              | 192,355                 | 109,123                 | (52,907)              | (29,006)              |
| Capital reserve                                     | 250,000                 | 250,000                 | -                     | -                     |
| Reserves  | 75,123                  | 60,782                  | -                     | -                     |
|   | <u>833,603</u>          | <u>736,030</u>          | <u>263,218</u>        | <u>287,119</u>        |
| <b>Non-controlling interests</b>                    | <u>157,160</u>          | <u>132,838</u>          | <u>-</u>              | <u>-</u>              |
| <b>TOTAL EQUITY</b>                                 | <u><b>990,763</b></u>   | <u><b>868,868</b></u>   | <u><b>263,218</b></u> | <u><b>287,119</b></u> |

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

|                                      | GROUP            |                  | COMPANY        |                |
|--------------------------------------|------------------|------------------|----------------|----------------|
|                                      | 31/12/2019       | 31/12/2018       | 31/12/2019     | 31/12/2018     |
|                                      | <u>RMB'000</u>   | <u>RMB'000</u>   | <u>RMB'000</u> | <u>RMB'000</u> |
| <b>LIABILITIES</b>                   |                  |                  |                |                |
| <b>NON-CURRENT LIABILITIES</b>       |                  |                  |                |                |
| Bank borrowings                      | 31,250           | 156,250          | -              | -              |
| Lease liabilities                    | 4,418            | -                | -              | -              |
|                                      | <u>35,668</u>    | <u>156,250</u>   | <u>-</u>       | <u>-</u>       |
| <b>CURRENT LIABILITIES</b>           |                  |                  |                |                |
| Trade and other payables             | 97,429           | 119,614          | 1,699          | 991            |
| Amount owing to affiliated companies | 25               | 160,485          | -              | -              |
| Loan from non-controlling interests  | 850,000          | 1,000,000        | -              | -              |
| Bank borrowings                      | 125,000          | 125,000          | -              | -              |
| Lease liabilities                    | 719              | -                | -              | -              |
| Current tax payable                  | 25,488           | 5,597            | -              | -              |
|                                      | <u>1,098,661</u> | <u>1,410,696</u> | <u>1,699</u>   | <u>991</u>     |
| <b>TOTAL LIABILITIES</b>             | <u>1,134,329</u> | <u>1,566,946</u> | <u>1,699</u>   | <u>991</u>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>2,125,092</u> | <u>2,435,814</u> | <u>264,917</u> | <u>288,110</u> |

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

| As at 31/12/2019 |                | As at 31/12/2018 |                |
|------------------|----------------|------------------|----------------|
| Secured          | Unsecured      | Secured          | Unsecured      |
| <u>RMB'000</u>   | <u>RMB'000</u> | <u>RMB'000</u>   | <u>RMB'000</u> |
| 125,000          | -              | 125,000          | -              |

Amount repayable after one year

| As at 31/12/2019 |                | As at 31/12/2018 |                |
|------------------|----------------|------------------|----------------|
| Secured          | Unsecured      | Secured          | Unsecured      |
| <u>RMB'000</u>   | <u>RMB'000</u> | <u>RMB'000</u>   | <u>RMB'000</u> |
| 31,250           | -              | 156,250          | -              |

Details of any collateral

Bank borrowings were previously secured by a mortgage over the property, plant and equipment of its affiliated company, 东明润泽化工有限公司 before the acquisition completed by the Group. This bank borrowing continues to be mortgaged over the same property, plant and equipment after the acquisition completed.

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

**Consolidated statement of cash flows for the year  
ended 31 December 2019**

|  | 31/12/2019       | 31/12/2018      |
|--|------------------|-----------------|
|  | <u>RMB'000</u>   | <u>RMB'000</u>  |
| <b>Cash flows from operating activities</b>            |                  |                 |
| Profit before taxation                                 | 183,887          | 112,026         |
| Adjustments for: -                                     |                  |                 |
| Amortisation of land use rights                        | 984              | -               |
| Depreciation of property, plant and equipment          | 119,196          | 23,001          |
| Depreciation of right-of-use assets                    | 425              | -               |
| Loss on disposal of property, plant and equipment      | -                | 511             |
| Gain on property, plant and equipment written off      | (752)            | -               |
| Interest expense                                       | 51,258           | -               |
| Interest income  | (3,919)          | (5,620)         |
| <b>Operating profit before working capital changes</b> | <b>351,079</b>   | <b>129,918</b>  |
| Changes in working capital:                            |                  |                 |
| Change in inventories                                  | 9,487            | (4,542)         |
| Change in amount owing by affiliated companies - Trade | (162,578)        | (3,402)         |
| Change in operating receivables                        | 29,318           | (22,405)        |
| Change in operating payables                           | (22,185)         | (11,027)        |
| <b>Cash generated from operations</b>                  | <b>205,121</b>   | <b>88,542</b>   |
| Interest paid  | (50,999)         | -               |
| Tax paid   | (25,982)         | (27,466)        |
| <b>Net cash generated from operating activities</b>    | <b>128,140</b>   | <b>61,076</b>   |
| <b>Cash flows from investing activities</b>            |                  |                 |
| Acquisition of property, plant and equipment           | (232,564)        | (69,245)        |
| Proceeds from sales of property, plant and equipment   | 27               | 104             |
| Acquisition of land use rights                         | (23,506)         | -               |
| Refund received on land use rights                     | 591              | -               |
| On acquisition of a subsidiary – Note A                | -                | 503             |
| Change in amount owing to non-controlling interests    | (95,057)         | -               |
| Interest received                                      | 3,919            | 10,782          |
| <b>Net cash used in investing activities</b>           | <b>(346,590)</b> | <b>(57,856)</b> |
| <b>Cash flows from financing activities</b>            |                  |                 |
| Dividends paid   | (15,939)         | (15,354)        |
| Payment of principal portion of lease liabilities      | (579)            | -               |
| Bank borrowings  | (125,000)        | -               |
| <b>Net cash used in financing activities</b>           | <b>(141,518)</b> | <b>(15,354)</b> |
| <b>Net decrease in cash and cash equivalents</b>       | <b>(359,968)</b> | <b>(12,134)</b> |
| <b>Cash and cash equivalents at beginning of year</b>  | <b>426,215</b>   | <b>438,349</b>  |
| <b>Cash and cash equivalents at end of year</b>        | <b>66,247</b>    | <b>426,215</b>  |

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

|   |               |                |
|---|---------------|----------------|
| Cash on hand                                      | 11            | 57             |
| Bank balances                                     | 59,236        | 319,158        |
| Fixed deposits placed with financial institutions | 7,000         | 107,000        |
|   | <b>66,247</b> | <b>426,215</b> |

**Note A**

**The carrying value of assets acquired of and liabilities assumed were as follows:**

|  | <b>RMB'000</b>        |
|--|-----------------------|
| Property, plant and equipment                          | 1,390,098             |
| Land use rights  | 71,522                |
| Investment   | 30,450                |
| Trade and other receivables                            | 45,975                |
| Amount owing by non-controlling interest               | 192,700               |
| Inventories  | 72,268                |
| Cash and bank balances                                 | 503                   |
| Total assets   | <u>1,803,516</u>      |
| Trade and other payables                               | 77,922                |
| Amount owing to affiliated companies                   | 1,550                 |
| Borrowings   | 1,281,250             |
| Total liabilities                                      | <u>1,360,722</u>      |
| Total net identifiable assets acquired of              | 442,794               |
| Less: Non-controlling interests                        | (132,838)             |
| Goodwill on consolidation                              | 7,844                 |
| Purchase consideration                                 | <u>317,800</u>        |
| Less: Cash and cash equivalents in subsidiary acquired | <u>(503)</u>          |
| Net cash payable on acquisition                        | <b><u>317,297</u></b> |

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED STATEMENT OF CHANGES IN EQUITY - GROUP

| 1 January 2018 to 31 December 2018      | Share capital<br>RMB'000 | Retained earnings<br>RMB'000 | Capital reserve<br>RMB'000 | Other reserves                      |  | subtotal<br>RMB'000 | Equity attributable to owners<br>RMB'000 | Non-controlling interest<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------|------------------------------|----------------------------|-------------------------------------|--|---------------------|--|-------------------------------------|------------------|
|   |                          |                              |                            | Statutory common reserve<br>RMB'000 | Voluntary common welfare fund<br>RMB'000 |                     |  |                                     |                  |
| Balance as at 1 January 2018            | 316,125                  | 300,571                      | -                          | 51,188                              | 797                                      | 51,985              | 668,681                                  | -                                   | 668,681          |
| On acquisition of a subsidiary          | -                        | -                            | -                          | -                                   | -  | -                   | -  | 132,838                             | 132,838          |
| Total comprehensive income for the year | -                        | 82,703                       | -                          | -                                   | -  | -                   | 82,703                                   | -                                   | 82,703           |
| Dividends paid                          | -                        | (15,354)                     | -                          | -                                   | -  | -                   | (15,354)                                 | -                                   | (15,354)         |
| Transfer to statutory common reserve    | -                        | (8,797)                      | -                          | 8,797                               | -  | 8,797               | -  | -                                   | -                |
| Transfer to capital reserve             | -                        | (250,000)                    | 250,000                    | -                                   | -  | -                   | -  | -                                   | -                |
| <b>Balance as at 31 December 2018</b>   | <b>316,125</b>           | <b>109,123</b>               | <b>250,000</b>             | <b>59,985</b>                       | <b>797</b>                               | <b>60,782</b>       | <b>736,030</b>                           | <b>132,838</b>                      | <b>868,868</b>   |

| 1 January 2019 to 31 December 2019          | Share capital<br>RMB'000 | Retained earnings<br>RMB'000 | Capital reserve<br>RMB'000 | Other reserves                      |  | subtotal<br>RMB'000 | Equity attributable to owners<br>RMB'000 | Non-controlling interest<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------|------------------------------|----------------------------|-------------------------------------|--|---------------------|--|-------------------------------------|------------------|
|   |                          |                              |                            | Statutory common reserve<br>RMB'000 | Voluntary common welfare fund<br>RMB'000 |                     |  |                                     |                  |
| Balance as at 1 January 2019                | 316,125                  | 109,123                      | 250,000                    | 59,985                              | 797                                      | 60,782              | 736,030                                  | 132,838                             | 868,868          |
| Adjustment from the adoption of SFRS (I) 16 | -                        | (180)                        | -                          | -                                   | -  | -                   | (180)                                    | -                                   | (180)            |
| Total comprehensive income for the year     | -                        | 113,692                      | -                          | -                                   | -  | -                   | 113,692                                  | 24,322                              | 138,014          |
| Dividends paid                              | -                        | (15,939)                     | -                          | -                                   | -  | -                   | (15,939)                                 | -                                   | (15,939)         |
| Transfer to statutory common reserve        | -                        | (14,341)                     | -                          | 14,341                              | -  | 14,341              | -  | -                                   | -                |
| <b>Balance as at 31 December 2019</b>       | <b>316,125</b>           | <b>192,355</b>               | <b>250,000</b>             | <b>74,326</b>                       | <b>797</b>                               | <b>75,123</b>       | <b>833,603</b>                           | <b>157,160</b>                      | <b>990,763</b>   |



**UNAUDITED STATEMENT OF CHANGES IN EQUITY - COMPANY**

| <b>1 January 2018 to 31 December 2018</b> | <b>Share Capital</b>  | <b>Accumulated losses</b> | <b>Total</b>          |
|---|-----------------------|---------------------------|-----------------------|
|   | <b><u>RMB'000</u></b> | <b><u>RMB'000</u></b>     | <b><u>RMB'000</u></b> |
| Balance as at 1 January 2018              | 316,125               | (29,647)                  | 286,478               |
| Total comprehensive income for the period | -                     | 15,995                    | 15,995                |
| Dividend paid                             | -                     | (15,354)                  | (15,354)              |
| <b>Balance as at 31 December 2018</b>     | <b>316,125</b>        | <b>(29,006)</b>           | <b>287,119</b>        |

  

| <b>1 January 2019 to 31 December 2019</b> | <b>Share Capital</b>  | <b>Accumulated losses</b> | <b>Total</b>          |
|---|-----------------------|---------------------------|-----------------------|
|   | <b><u>RMB'000</u></b> | <b><u>RMB'000</u></b>     | <b><u>RMB'000</u></b> |
| Balance as at 1 January 2019              | 316,125               | (29,006)                  | 287,119               |
| Total comprehensive loss for the period   | -                     | (7,962)                   | (7,962)               |
| Dividend paid                             | -                     | (15,939)                  | (15,939)              |
| <b>Balance as at 31 December 2019</b>     | <b>316,125</b>        | <b>(52,907)</b>           | <b>263,218</b>        |

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- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, 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 during the current financial year reported on. There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2019.

- 1(d) (iii) 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.**

| <b>Company</b>  | <b>31/12/2019</b> | <b>31/12/2018</b> |
|---|-------------------|-------------------|
| Total number of issued shares (excluding treasury shares) | 640,000,000       | 640,000,000       |

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

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for those disclosed in item 5 below, the Group had applied the same accounting policies and methods of computation in the financial statements for the current financial period as those adopted in the audited financial statement for the financial year ended 31 December 2018.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 January 2019, the Group adopted the new and amended Singapore Financial Reporting Standards (International) ["SFRS(I)s"] that are mandatory 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)s.

The adoption of these new SFRS(I)s did not result in any substantial change to the Group's accounting policies nor has any material impact on the financial statements of the Group for the financial year ended 31 December 2019.

**6 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.**

|  | Full year<br>ended<br>31/12/2019<br><u>RMB (cents)</u> | Full year<br>ended<br>31/12/2018<br><u>RMB (cents)</u> |
|--|--|--|
| Profit per share for the year based on net profit attributable to owners of the parent |  |  |
| (a) Based on basic number of ordinary shares on issue                                  | 17.8   | 12.9   |
| =No. of shares in issue (weighted average)   | 640,000,000  | 640,000,000  |
| (b) On a fully diluted basis   | 17.8   | 12.9   |
| No. of shares in issue (weighted average)  | 640,000,000  | 640,000,000  |

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

|                                    | Group                    |                          | Company                  |                          |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                    | 31/12/2019<br><u>RMB</u> | 31/12/2018<br><u>RMB</u> | 31/12/2019<br><u>RMB</u> | 31/12/2018<br><u>RMB</u> |
| Net asset value per ordinary share | 1.30                     | 1.15                     | 0.41                     | 0.45                     |

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

An analysis of revenue contributions from each business /product are set out as follows; -

| Analysis of sales by product/business<br>(RMB'000) | 4th Qtr<br>2019 |      | 4th Qtr<br>2018 |     | Full year<br>2019 |      | Full year<br>2018 |     |
|--|-----------------|------|-----------------|-----|-------------------|------|-------------------|-----|
|  |                 | %    |                 | %   |                   | %    |                   | %   |
| Processed LPG - Total                              | 356,910         | 32%  | 398,061         | 62% | 1,180,596         | 32%  | 1,362,485         | 60% |
| - Inter-companies *                                | (219,415)       | -20% | -               | 0%  | (645,783)         | -18% | -                 | 0%  |
| Propylene  | 102,454         | 9%   | 105,012         | 16% | 318,054           | 9%   | 418,013           | 19% |
| Polypropylene                                      | 92,260          | 8%   | 111,785         | 17% | 296,521           | 8%   | 337,172           | 15% |
| MTBE **  | 431,776         | 39%  | -               | 0%  | 1,369,222         | 37%  | -                 | 0%  |
| Propylene II **                                    | 182,844         | 16%  | -               | 0%  | 637,036           | 17%  | -                 | 0%  |
| Hydrogen **  | 53,499          | 5%   | -               | 0%  | 176,307           | 5%   | -                 | 0%  |
| Isobutylene **                                     | 54,329          | 5%   | -               | 0%  | 169,898           | 5%   | -                 | 0%  |
| Other Gas **                                       | 5,414           | 0%   | -               | 0%  | 15,761            | 0%   | -                 | 0%  |
| Logistics & transport related services             | 49,494          | 4%   | 30,525          | 5%  | 142,436           | 4%   | 141,810           | 6%  |
| TOTAL  | 1,109,565       |      | 645,383         |     | 3,660,048         |      | 2,259,480         |     |

\*supplied of LPG to subsidiary company Dongming Qianhai and subjects to group elimination

\*\* petrochemical products contributed by subsidiary company Dongming Qianhai

**(a) Processed LPG**

There was a periodical production plants maintenance carryout in both subsidiaries Dongming Hengchang and Dongming Qianhai between 13 July 2019 to 23 August 2019 causing a temporary stoppage of production during the financial year.

Sale of processed LPG decreases by 13.3% from RMB 1.3 billion in FY2018 to RMB 1.2 billion in FY2019.

Total production output, average selling price ("ASP") and average cost of sales("ACS") during the year decreases by 3.6%, 10.1% and 13.7% respectively as compared to FY2018.

**(b) Propylene**

Sale of propylene decreases by 23.9% from RMB 418.0 million in FY2018 to RMB 318.0 million in FY2019. Total production output, ASP and ACS decreases by 13.6%, 11.9% and 2.6% respectively as compare to FY2018.

**(c) Polypropylene**

Polypropylene decreases by 12.1% from RMB 337.2 million in FY2018 to RMB 296.5 million in FY2019. Total production output during the reporting periods decreases by 3.7%. The ASP decrease by 8.7% couple with ACS increase by 0.4% as compare to FY2018.

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**(d) MTBE, Propylene II, Hydrogen, Isobutylene**

Revenue generated by subsidiary Dongming Qianhai accounted for 64.7% of total revenue of FY2019 with majority generated by the product of MTBE and propylene II.

**(e) Logistics & transport related service**

Total revenue from this business increase by a mere 0.4% from RMB 141.8 million in FY2018 to RMB 142.4 million in FY2019. Increase is due to significant pick up of transportation requirement in the 4Q2019 between the Dongming county and Jiangsu areas.

**Gross profit**

Total gross profit increases by 108% from RMB 128.0 million in FY2018 to RMB 266.6 million in FY2019.

**Other income and expenses**

**(a) Other income**

Income increase mainly due to a sum of RMB 18.7 million grant(重大技术改造贷款补贴) received from the local government authority;

**(b) Administration costs**

Increase is due to the consolidation of admin cost incurred from subsidiary company Dongming Qianhai;

**(c) Finance expense**

Interests accrued from the consolidation of Dongming Qianhai results, mainly amount of RMB 40.0 million of interest on the loan from non-controlling interest and the balance relates to bank borrowing;

As a result, the Group made a profit of RMB 113.7 million attributed to the equity holders of the company, as compared to profit of RMB 82.7 million in FY2018.

**Balance Sheet**

Highlights on changes in balance sheet items of the Group are as follows ;-

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

The increase mainly due to the capitalisation of initial costs on the construction-in-progress of newly polypropylene production plant in subsidiary Dongming Hengchang. This new plant is scheduled to be completed in 4Q of FY2020;

**(b) Inventories**

Inventories comprise of approximately RMB 41.7 million on raw materials and equivalent value of RMB 51.0 million on finished petrochemical products, recorded at cost;

**(c) Bank Borrowing**

Bank borrowing relates to a long-term capital loan obtained from the bank by subsidiary Dongming Qianhai. The loan is carrying an interest rate of 4.75% per annum with a fixed repayment term of RMB 31.25 million in each quarterly till settle fully by FY 2021;

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(d) **Right-of-use assets / lease liabilities**

As a result of the adoption of SFRS (I)-16 on 1 January 2019, the Group recognised its existing operating lease arrangements as right-of-use assets with corresponding lease liabilities;

(e) **Reserve**

Increase is due to the requirement to set aside of 10% on profits made by all PRC companies;

(f) **Non-controlling interest**

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

(g) **Amount owing by non-controlling interests**

Amount of RMB 137.7 million owing by affiliated Dongming Petrochem Group. All the cash receivables and payables in Dongming Qianhai are required to transact through Dongming Petrochem Group due to the reason stated below (i) as a form of pledged security;

(h) **Amount owing to affiliated companies**

Decrease is due to the settlement of 50% balance payment to Dongming Zhongyou Fuel and Petrochemical Company Limited amount of RMB 158.9 million for the 70% controlling stake acquisition of Dongming Qianhai;

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

Loans are from non-controlling interest Dongming Petrochem Group to financing the working capital use in Dongming Qianhai prior to acquisition completed. All loans are unsecured, bearing interest at 4.5675% per annum and able to roll-over when due if required.

**Cash flow**

The group generated RMB 128.1 million from the operating activities, offset by the net cash used in investing and financing activities of RMB 346.6 million and RMB 141.5 million respectively.

As a result, the Group's cash and cash equivalent amounting to RMB 66.2 million, down from RMB 426.2 million in FY 2018.

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

None.

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

Since the acquisition of Dongming Qianhai at the end of 2018, the Group's propylene production plant has been in stable production, contributing to the Group's profit growth especially in 2019 resulting in better returns to shareholders.

The construction of the new polypropylene production plant, which has an annual production capacity of 200,000 tonnes/year, is currently on track and scheduled to be completed by the fourth quarter of fiscal 2020.

The Chinese authorities have suspended the promotion of ethanol gasoline to replace gasoline, which is anticipated to benefit our produced MTBE products (mixture with gasoline) hence potentially higher sales volume and better margin. In the meantime, the Group will continue to be prudent in cash flow management while managing risks and focusing on cost efficiency and stable production to increase shareholders' returns.

The Group's current operations remain relatively unaffected by the COVID-19 outbreak. Instead, the Group remains upbeat on the polypropylene market as it sees an increase in demand for polypropylene-based masks, protective clothing, and other downstream products. However, the impact of the COVID-19 outbreak on China's economy should not be understated, though it is rather difficult to gauge at this stage because of some uncertainty. We are monitoring the situation closely and have activated our business continuity plan to ensure the safety of our employees and the stability of the Group's overall operations.

**11 Dividend**

**(a) Current Financial Period Reported On**

**Any dividend recommended for the current financial period reported on?**

No

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

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

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

**13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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 periods 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 periods from October 2019 to December 2019 :-</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"> <li>- Purchase of raw LPG</li> <li>- Sale of residual oil</li> <li>- Purchase of utilities</li> <li>- Logistics &amp; transport related services provided to</li> </ul> <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"> <li>- Purchase of utilities, part &amp; components</li> <li>- Sale of processed LPG</li> <li>- Logistics &amp; transport related services provided to</li> <li>- Accrued Interest on loan from non-controlling interest</li> </ul> | <p>RMB 9,636,156</p>  | <p>RMB 510,175,356</p> <p>RMB 1,066,936</p> <p>RMB 1,286,915</p> <p>RMB 4,247,900</p> <p>RMB 4,650,613</p> <p>RMB 23,706,588</p> <p>RMB 60,723</p>   |



|  |               |                |
|--|---------------|----------------|
| Dongming Runze Petrochemical Co., Ltd (东明润泽化工有限公司)                     |               |                |
| - Purchase of utilities, part & components                             |               | RMB 41,950,478 |
| - Sale of Hydrogen gas   |               | RMB 53,498,845 |
| - Sale of utilities  |               | RMB 4,509,938  |
| Dongming Crude Oil Distribution Co., Ltd (东明石油经销有限公司)                  |               |                |
| - Logistics & transport related services provided to                   |               | RMB 4,534,140  |
| - Purchase of raw LPG from markets                                     |               | RMB 31,284     |
| - Consignment fee  | RMB 1,069,471 |                |
| Shandong Dongming Lishu Petroluem Co., Ltd (山东东明梨树化学有限公司)              |               |                |
| - Sales of processed LPG   |               | RMB 89,556,555 |
| - Purchase of LPG  |               | RMB 48,300,643 |
| Dongming Runming Oil Products Distribution Co., Limited (东明润明油品销售有限公司) |               |                |
| - Logistics & transport related services provide to                    |               | RMB 44,827     |

**14. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)**

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

No reporting by geographical location and business segments are presented as the Group operates solely in the PRC and within the 400km radius of our production facilities.

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

Not applicable.

17 **A breakdown of sales.**

|                         | 31/12/2019     | 31/12/2018     | Change+/(−) |
|-------------------------|----------------|----------------|-------------|
| <b>Revenue</b>          | <u>RMB'000</u> | <u>RMB'000</u> | <u>%</u>    |
| -first half             | 1,926,195      | 1,046,528      | 84          |
| -second half            | 1,733,853      | 1,212,952      | 43          |
| <b>Profit after tax</b> |                |                |             |
| -first half             | 33,676         | 45,968         | (27)        |
| -second half            | 104,338        | 36,735         | 184         |

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

Total Annual Dividend

|                       | Latest Full Year<br>(SGD'000) | Previous Full Year<br>(SGD'000) |
|-----------------------|-------------------------------|---------------------------------|
| <b>Final dividend</b> | NIL                           | 3,200                           |

19 **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 | 59  | Father of Li Zhi, non-executive Director of the Company              | Non Executive Chairman Since 2006, Substantial shareholder of the Company. | None  |
| Li Zhi       | 34  | Son of Mr Li Xiangping, the Non Executive Chairman of the Company    | Non Executive Director of the Company Since 2019                           | Appointed in year 2019.   |

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**20 Confirmation that the issuer has procured undertakings from all its directors and executive officers**

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

**BY ORDER OF THE BOARD**

**ZHANG LIUCHENG**

**CEO and EXECUTIVE DIRECTOR**