

IMMEDIATE RELEASE

Sinostar PEC Reports 3Q2022 Results

- The Group continued to generate positive operating cashflow in 3Q2022
- The Group is taking prudent steps to strengthen its business to a better position for post-Covid recovery

SINGAPORE, 12 November 2022—Sinostar PEC Holdings Limited (SGX: C9Q) (“Sinostar PEC” or the “Group”), one of the largest producers and suppliers of downstream petrochemical products within the Shandong Dongming Petrochemical Industrial Zone, today announced its financial results for the financial quarter ended 30 September 2022 (“**3Q2022**”) and nine months ended 30 September 2022 (“**9M2022**”).

9M2022 Financial Highlights

<i>RMB (million)</i>	3Q2022	3Q2021	yoy change	9M2022	9M2021	yoy change
Revenue	1,295.9	1,247.4	3.9%	3,476.8	3,345.8	3.9%
Gross Profit	52.8	118.4	-55.4%	154.2	418.2	-63.1%
Gross Profit Margin	4.1%	9.5%		4.4%	12.5%	
Net Profit	24.9	75.1	-66.9%	68.5	277.9	-75.3%
Net Profit Margin	1.9%	6.0%		2.0%	8.3%	
Net Profit Attributable to Equity Holders	24.9	58.9	-57.8%	39.1	215.7	-81.9%

The Group’s 3Q2022 revenue increased 3.9% y-o-y to RMB 1,295.9 million. Gross profit decreased 55.4% y-o-y to RMB 52.8 million because of a decrease in production volume across most products.

Other income increased over three-fold to RMB 6.4 million, mainly because of an incentive grant amounting to RMB 3.7 million, and bank interest earned on short-term deposits placed with financial institution amounting to approximately RMB 1.9 million.

Administrative costs fell 9.7% y-o-y to RMB 5.7 million on lower overhead expenses in subsidiaries.

Consequently, 3Q2022 net profit contracted 66.9% to RMB 24.8 million.

Mr Li Xiangping, Executive Chairman and Chief Executive Officer of Sinostar PEC, commented, ***“During this challenging environment, the Group is taking prudent steps to manage our production volumes and strengthen our financial position. This is to better position the Group for post-Covid recovery.”***

The Group’s ended 30 September 2022 with a healthy net debt/equity ratio of 26.3%.

RMB (million)	9M2022	9M2021	yoy change%
<i>Net cash generated from operating activities</i>	126.9	426.0	-70.2%
<i>Net cash used in investing activities</i>	(32.0)	(48.8)	-34.4%
RMB (million)	30-Sep-22	30-Dec-21	
<i>Cash and bank balances</i>	587.3	702.6	
<i>Bank borrowings and loans*</i>	1,000.0	1,105.0	
<i>Net Debt/ (cash)</i>	412.7	402.4	
<i>Equity</i>	1,566.5	1,516.5	
<i>Net Gearing**</i>	26.3%	26.5%	

*Bank Borrowing + Loans from non-controlling interests

** Net Debt/Equity

Business Segmental Breakdown

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

Business Outlook

With China's stringent "Zero-Covid" policy, scattered Covid outbreaks in the country have prompted tighter social distancing measures and controls on business activities. This has resulted in an overall fall in China's factory activity. According to the National Bureau of Statistics, the official purchasing managers' index for manufacturing has fallen 49.2 in October 2022, from 50.1 in September 2022¹.

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



The Group will continue to observe the situation to manage its business and production volumes. The Group is still cautiously optimistic about the long-term demand for its petrochemical products used across a wide range of industries based on the existing orders. The Group will remain vigilant in its management of cash flows, fiscal responsibilities, and operating capital requirements.

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About Sinostar PEC Holdings Ltd.

Listed on the Mainboard of the Singapore Securities Exchange Trading Limited (SGX-ST), Sinostar PEC Holdings Limited is one of the largest producers and suppliers of downstream petrochemical products within a 400km radius of its production facilities within the Dongming Petrochem Industrial Zone in Dongming County of Shandong Province, PRC. Situated within the Zhongyuan Oilfield - one of PRC's largest oilfields, and linked by a comprehensive logistics network, Sinostar is able to reach out to the nearby populous and industrialised provinces such as Shandong, Henan, Anhui, Jiangsu, Shaanxi, Hebei and Zhejiang. The Group comprises Sinostar PEC Holdings Limited and its wholly-owned PRC subsidiary, Dongming Hengchang Petrochemical Co., Ltd., which has total processing capacity of 450,000 tonnes of processed LPG and the capacity to process generated propylene into another 250,000 tonnes of polypropylene to production plants. Backed by a strong reputation and credible track record for quality products and services, the Group's "Hengchang" brand of polypropylene was named "Shandong Province Famous Trademark" and "Shandong Top Brand" in China. The Group also has attained three major international certifications for quality, environment, and occupational health and safety -namely ISO9001:2001, ISO14001:2004 and OHSAS18001:1999.

Issued for and on behalf of Sinostar PEC Holdings Ltd. by GEM COMM PTE LTD

For more information, please visit <http://www.sinostar-pec.com>



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