

IMMEDIATE RELEASE

Sinostar PEC Records Strong First Quarter

- Net profit attributable to equity holders surged more than 7,000% year-on-year to RMB59.3 million
- 1Q2021 Earnings turnaround on the back of increase in revenue and expansion of gross profit margins
- New polypropylene ("PP") plant is currently in trial productions and has achieved its maiden revenue contribution to the Group in 1Q2021

SINGAPORE, 08 May 2021 – 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 31 March 2021 ("**1Q2021**").

1Q2021 Financial Highlights

<i>RMB (million)</i>	<i>1Q2021</i>	<i>1Q2020</i>	<i>yoy change %</i>
<i>Revenue</i>	960.4	784.2	22.5%
<i>Gross Profit</i>	109.8	13.6	710.6%
<i>Gross Profit Margin</i>	11.4%	1.7%	
<i>Net Profit</i>	74.4	(2.8)	N/A
<i>Net Profit Margin</i>	7.7%	-0.4%	
<i>Net Profit Attributable to Equity Holders</i>	59.3	0.8	7,307.9%

Revenue increased more than 20% year-on-year to RMB 960.4 million as production of most products increased compared to a year ago when the Group's operations were affected by the coronavirus pandemic. The new polypropylene plant, which is currently undergoing trial productions, registered its maiden revenue contribution to the Group. Gross profit surged more than 7x to RMB109.8 million due to the expansion of gross margins, as average selling prices of petrochemicals such as propylene, polypropylene and MTBE rose during the quarter.

The Group recorded a net profit of RMB74.4 million, reversing from a loss a year ago. First quarter net profit attributable to equity holders surged more than 7,000% year-on-year to RMB59.3 million.

Mr Li Xiangping, Executive Chairman and Chief Executive Officer of SinoStar PEC, commented, ***"Despite a challenging economic environment last year, the Group has produced a set of commendable results. We will continue to focus on operational efficiency, optimise production and explore international export for our products."***

Business Segmental Breakdown

Revenue (RMB million)	1Q2021	% of sales	1Q2020	% of sales
<i>Processed LPG (Total)</i>	275.2	28.7%	255.3	32.6%
<i>Less Inter-company* sales</i>	(156.7)	-16.3%	(156.8)	-20.0%
<i>Propylene</i>	82.9	8.6%	72.3	9.2%
<i>Polypropylene</i>	72.7	7.6%	58.9	7.5%
<i>Premium grade polypropylene[#]</i>	20.9	2.2%	-	0.0%
<i>MTBE**</i>	366.0	38.1%	298.2	38.0%
<i>Propylene II**</i>	153.2	15.9%	125.0	15.9%
<i>Hydrogen**</i>	49.3	5.1%	47.0	6.0%
<i>Isobutylene**</i>	35.2	3.7%	39.9	5.1%
<i>Other Gas**</i>	3.9	0.4%	3.8	0.5%
<i>Logistics & Transport related services</i>	57.9	6.0%	40.7	5.2%
Total	960.4	100.0%	784.2	100.0%

*Supplied of LPG to subsidiary Dongming Qianhai

[#] Production from new polypropylene plant

***Petrochemical products contributed by Subsidiary Dongming Qianhai*

Business Outlook

"The new polypropylene plant has significantly expanded our polypropylene production capacity and product types. This allows the Group to explore into new industries and the international markets. We are confident on the Group's long outlook and will continue to execute on our strategic initiatives to generate long-term value to our shareholders." Mr Li added.

China's economy surge record 18.3 per cent in first quarter 2021 compared to a year ago. The big jump is driven by a surge in retail sales, industrial production and investment in fixed assets. This keeps China on track for growth of between 8% and 9% in 2021 far ahead of the Chinese government's official target of more than 6%.

The resumption in commercial activities and demand for Personal Protective Equipment (PPE) such as surgical masks, shields and gloves have aided to stimulate the sale for products such as polypropylene (PP) fibre which is utilised in the produce of these PPE.

With the completion of our new polypropylene production plant in late 2020, the Group has undertaken pilot production and expects utilisation to increase within the year which will contribute to the Group's financial performance in the year ahead.

The Group is optimistic with its FY2021 financial performance and will continue to manage its cash flow closely and focus on operational efficiency, optimise production and explore international market for the Group's high-quality PP.

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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 550,000 tonnes of processed LPG and the capacity to process generated propylene into another 50,000 tonnes of polypropylene to gas-fractionation 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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