IMMEDIATE RELEASE

Sinostar PEC Records More Than 30% Increase in FY2020 Net Profit

- **FY2020 Net profit increased more than 30% y-o-y to RMB184.6 million**
- **Declares Final Dividend of 0.5 Singapore cents per ordinary share**
- **Polypropylene production capacity to grow by 5x to 250,000 tonnes/year in 2021, following completion of new polypropylene plant**
- **The rebound in economic activity and continual demand for protective surgical masks and related products drive the demand for individual products such as polypropylene (Pp) fibre which is used in the manufacturing of these protective equipment**

SINGAPORE, 01 March 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 year ended 31 December 2020 ("**2020**").

2020 Financial Highlights

RMB (million)	*2020*	*2019*	*yoy change %*
Revenue	3,182.3	3,660.0	-13.1%
Gross Profit	285.9	270.3	5.7%
Gross Profit Margin	9.0%	7.4%	
Net Profit	184.6	138.0	33.7%
Net Profit Margin	5.8%	3.8%	
Net Profit Attributable to Equity Holders	158.6	113.7	39.5%

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The Group's production affected by the outbreak of COVID-19 and lockdown, which resulted in a 13.1% year-on-year drop in revenue to RMB 3,182.3 million for 2020. Despite average selling price decreases across all products, increase in most products production resulted in gross profit rising 5.7% year-on-year to RMB285.9 million. Other income also jumped more than 100% to RMB57.2 million due to the disposal of used catalyser and consumables, as well as receipt of grants from the local government authority. Together with a drop in administrative expense and finance costs, the Group's net profit grew 33.7% to RMB184.6 million. 2020 net profit attributable to equity holders surged nearly 40% to RMB158.6 million.

Mr Zhang Liucheng, Chief Executive Officer and Executive Director of Sinostar PEC, commented***, "The Group recorded a commendable performance for FY2020. The positive forecast from the economists, is encouraging to the Group in the new fiscal year. The completion of our new polypropylene production plant allows the Group to benefit from China's speeding up economic recovery."***

Business Segmental Breakdown

Revenue (RMB million)	***2020***	***% of sales***	***2019***	***% of sales***
Processed LPG (Total)	925.4	29%	1,180.6	32%
Less Inter-company sales*	(567.2)	-18%	(645.8)	-18%
Propylene	335.1	11%	318.1	9%
Polypropylene	280.0	9%	296.5	8%
*MTBE***	1,105.9	35%	1,369.2	37%
*Propylene II***	560.5	18%	637.0	17%
*Hydrogen***	189.0	6%	176.3	5%
*Isobutylene***	127.1	4%	169.9	5%
*Other Gas***	15.8	0%	15.8	0%
Logistics & Transport related services	210.6	7%	142.4	4%
Total	**3,182.3**	**100%**	**3,660.0**	**100%**

**Supplied of LPG to subsidiary Dongming Qianhai*

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***Petrochemical products contributed by Subsidiary Dongming Qianhai*

Business Outlook

China's economy expanded by 2.3% in 2020, to become the only major world economy to grow in the pandemic-ravaged year. The World Bank earlier this January predicted China's economy would grow 7.9% in 2021. Oxford Economics previously predicted growth of 8.1% in 2021, as well as the IMF has forecasted in January 2021 that China's GDP growth will speed up to 8.1% in 2021. The rebound in economic activity and continual demand for protective surgical masks and related products have helped to drive the demand for individual products such as polypropylene (Pp) fibre which is used in the manufacturing of these protective equipment.

"We are cautiously optimistic about our financial strength and cash flow generation in the new fiscal year. Coupled with the Group's positive performance in FY2020, the Group has resumed its dividend pay-out of 0.5 Singapore cents. The results demonstrate the continued commitment of our employees to execute on our strategic initiatives and the underlying long-term value and cash-generating potential. The continued hard work will translate into better financial performance and increased shareholder value in a longer term." Mr Zhang added.

The construction of the new polypropylene production plant, which has an annual production capacity of 200,000 tons/year, has completed, and the Group is currently amid commencing trial productions and ramping up utilization. We expect production at the new polypropylene plant to normalize by the end of 1Q2021.

-End-

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

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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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