

IMMEDIATE RELEASE

Sinostar PEC Reports Growth in Net Profit in Third Quarter

- Net profit to owners grew more than 25% y-o-y to RMB58.9 million on the back of a 75% increase in revenue
- Net profit to owners more than doubled to RMB215.7 million

SINGAPORE, 12 November 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 30 September 2021 (“3Q2021”) and nine months ended 30 September 2021 (“9M2021”).

9M2021 Financial Highlights

<i>RMB (million)</i>	3Q2021	3Q2020	yoy change%	9M2021	9M2020	yoy change %
Revenue	1,247.4	714.6	74.6%	3,345.8	2,231.5	49.9%
Gross Profit	118.4	84.3	40.6%	418.2	164.0	155.0%
Gross Profit Margin	9.5%	11.8%		12.5%	7.3%	
Net Profit	75.1	52.0	44.5%	277.9	84.7	228.3%
Net Profit Margin	6.0%	7.3%		8.3%	3.8%	
Net Profit Attributable to Equity Holders	58.9	46.8	25.8%	215.7	80.4	168.3%

3Q2021 Gross profit increased 40% year-on-year to RMB118.4 million on the back of an increase in revenue, which is driven by an increase in production volume, average selling price and an increase in revenue from the logistics and transport related services. 3Q2021 net profit and net profit attributable to equity holders grew 44.5% and 25.8% y-o-y respectively to RMB75.1 million and RMB58.9 million. 9M2021 net profit and net profit attributable to equity

holders grew 228.3% and 168.3% y-o-y to RMB 277.9 million and RMB 215.7 million respectively.

Mr Li Xiangping, Executive Chairman and Chief Executive Officer of Sinostar PEC, commented, ***“The Group performed well in 3Q2021 as revenue and profit grew year-on-year, alongside a general improvement in the global economy. During the quarter, the Group has also managed to further pare down our debt, which we had incurred to expand our production capacity; ending the financial period with a healthy balance sheet.”***

The Group’s operating cash flow increased more than 40% y-o-y to RM390.1 million. Alongside a decrease in investing cashflow, following the completion of the new polypropylene plant last year, Sinostar ended 30 September 2021 with a healthy net debt/equity ratio of 37.5%.

RMB ('million)	9M2021	9M2020	yoy change %
<i>Net cash generated from operating activities</i>	390.1	268.7	45.2%
<i>Net cash used in investing activities</i>	(48.8)	(229.3)	-78.7%
RMB ('million)	30-Sep-21	31-Dec-20	
<i>Cash and bank balances</i>	576.6	352.0	
<i>Bank borrowings and loans*</i>	1,135.0	1,236.3	
<i>Net Debt/ (cash)</i>	558.4	884.2	
<i>Equity</i>	1,487.0	1,224.6	
<i>Net Gearing**</i>	37.5%	72.2%	

*Bank Borrowing + Loans from non-controlling interests

** Net Debt/Equity

Business Segmental Breakdown

	9 months ended		9 months ended		+ / (-)
	30 September 2021		30 September 2020		
Analysis of Revenue	RMB'000	%	RMB'000	%	%
Processed LPG - Total	981,041	29.3%	662,570	29.7%	48.1%
- Inter-company*	(588,189)	-17.6%	(412,685)	-18.5%	42.5%
Propylene	82,883	2.5%	233,379	10.5%	-64.5%
Polypropylene	226,067	6.8%	199,715	8.9%	13.2%
Premium grade polypropylene #	756,406	22.6%	-	-	NM
MTBE	1,297,736	38.8%	775,607	34.8%	67.3%
Propylene II - Total	487,748	14.6%	387,571	17.4%	25.8%
- Inter-company**	(362,777)	-10.8%	-	-	NM
Hydrogen	151,807	4.5%	132,850	6.0%	14.3%
Isobutylene	115,747	3.5%	92,516	4.1%	25.1%
Other Gas	17,935	0.5%	11,545	0.5%	55.3%
Logistic & transport related services	179,380	5.4%	148,398	6.7%	20.9%
TOTAL	3,345,784	100.0%	2,231,466	100.0%	49.9%

Business Outlook

“The expansion in production facilities in recent years has not only helped to increase the Group’s production capacity but also the range of petrochemicals produced, contributing to the Group’s positive financial performance. While there has been a slowdown in the economic growth of China, the Group is still positive about the long-term demand of its petrochemical products which are used across a wide range of industries and will continue to be prudent and manage its cash flow carefully while optimizing production.” Mr Li added.



The Group is threading cautiously as Covid-19 cases are increasing rapidly and China government is implementing more lockdowns to control the spread of the virus.

In particular, the Group's new polypropylene plant, which was completed at the end of 2020, has been in stable production and produces high-quality polypropylene which are used in food packaging and other consumer products, as well as the production of 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 a 25.1% share of the global Disposable Protective Clothing market. The U.S. Market is estimated at \$1.8 Billion in 2021, while China is Forecast to Reach \$1.2 Billion by 2026¹. China's overall GDP grew 4.9% in 3Q2021, which was the slowest pace in a year, as the world's second largest economy was hurt by power shortages and supply chain bottlenecks, amongst other factors. China's GDP is still expected to grow 8.1%² and 5.3% in 2021 and 2022 respectively according to the median estimate in the latest quarterly survey by Bloomberg.

The Group's petrochemical products are used across a wide range of industries from the production of food packaging to protective equipment. As the global economy continues to recover from the outbreak of COVID-19, the Group is cautiously optimistic of its financial performance in the year ahead and will continue to manage its cash flow closely while optimizing production.

-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

¹<https://www.prnewswire.com/news-releases/global-disposable-protective-clothing-market-to-reach-8-2-billion-by-2026-301346756.html>

² [https://www.reuters.com/world/china/fitch-cuts-china-2021-gdp-forecast-81-vs-84-property-slowdown-2021-09-23/#:~:text=BEIJING%2C%20Sept%2023%20\(Reuters\),date%20of%20forecast%20cut%20announcement.](https://www.reuters.com/world/china/fitch-cuts-china-2021-gdp-forecast-81-vs-84-property-slowdown-2021-09-23/#:~:text=BEIJING%2C%20Sept%2023%20(Reuters),date%20of%20forecast%20cut%20announcement.)



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>

Investor Relations/ Media Contact:

Ms Emily Choo | emily@gem-comm.com