

IMMEDIATE RELEASE

Sinostar PEC Reports 17% Growth In Revenue In 1Q2022

- 1Q2022 Revenue grew 16.9% to RMB 1,122 million as a result of rising average selling prices
- Gross margin narrowed to 7.6% on higher cost of sales
- The Group is still positive about the long-term demand of its petrochemical products despite the tightening COVID-19 restrictions in China

SINGAPORE, 13 May 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 that ended on 31 March 2022 (“**1Q2022**”).

1Q2022 Financial Highlights

<i>RMB (million)</i>	1Q2022	1Q2021	yoy change %
Revenue	1,122.3	960.4	16.9%
Gross Profit	85.4	109.8	-22.3%
Gross Profit Margin	7.6%	11.4%	
Net Profit	50.3	74.4	-32.4%
Net Profit Margin	4.5%	7.7%	
Net Profit Attributable to Equity Holders	38.3	59.3	-35.5%

1Q2022 Revenue increased 17% year-on-year to RMB 1,122.3 million as average selling prices surged, particularly in Premium Grade Polypropylene, MTBE and Isobutylene. Gross Profit decreased 22.3% to RMB 85.4 million as its strategic partner, Dongming Zhongyou, temporarily halted its production for periodical plant maintenance, which resulted in a fall in production volume. This has temporarily halted raw LPG supplies for about three weeks in March. This is coupled with a decrease in margin generated from logistics and transport-related services. Consequently, 1Q2022 net profit and net profit attributable to equity holders decreased 32.4% and 35.5% y-o-y respectively to RMB50.3 million and RMB38.3 million.

Mr Li Xiangping, Executive Chairman and Chief Executive Officer of Sinostar PEC, commented, ***“We are pleased to announce a 17% growth in revenue for the first quarter of this fiscal year. Despite the operational pressures brought about by the COVID-19 pandemic and the recent tightening of social distancing restrictions, we are optimistic about the long-term demand for petrochemical products as we explore new market segments. With China’s GDP set to grow over the next two years, we believe that our strategic yet cautious approach will serve us best moving forward.”***

Sinostar ended 31 March 2022 with a healthy net debt/equity ratio of 33.4%.

RMB (million)	1Q2022	1Q2020	yoy change %
<i>Net cash generated from operating activities</i>	-94.9	98.4	-196.4%
<i>Net cash used in investing activities</i>	-13.7	-23.1	-40.8%
RMB (million)	31-Mar-22	31-Dec-20	
<i>Cash and bank balances</i>	556.4	702.6	
<i>Bank borrowings and loans*</i>	1080.0	1105.0	
<i>Net Debt/(cash)</i>	523.6	402.4	
<i>Equity</i>	1566.7	1516.5	
<i>Net Gearing**</i>	33.4%	26.5%	

*Bank Borrowing + Loans from non-controlling interests

** Net Debt/Equity

Business Segmental Breakdown

In 1Q21, through fractionation process, approximately 19,600 tonne of process LPG and 8,000 tonne of propylene were produced from the 150,000 tonne installation. A further 50,000 tonne of processed LPG and 14,400 tonne of propylene was also produced from the 300,000 tonne installation. This amounts to approximately 74% and 85% capacity respectively.

	3 months ended		3 months ended		+ / (-)
	31 March 2022		31 March 2021		
Analysis of Revenue	RMB'000	%	RMB'000	%	%
Processed LPG - Total	394,408	35.1%	275,182	28.7%	43.3%
- Inter-company*	-276,963	-24.7%	-156,657	-16.3%	76.8%
Propylene	-		82,883	8.6%	NM
Polypropylene	60,664	5.4%	72,695	7.6%	-16.5%
Premium grade polypropylene - Total	306,849	27.3%	20,859	2.2%	1371.1%
- Inter-company***	-3,809	-0.3%	-	-	
MTBE	494,846	44.1%	365,975	38.1%	35.2%
Propylene II - Total	150,388	13.4%	153,151	15.9%	-1.8%
- Inter-company**	-150,388	-13.4%	-	-	
Hydrogen	46,806	4.2%	49,294	5.9%	-5.0%
Isobutylene	46,316	4.1%	35,246	3.7%	31.4%
Other Gas	5,217	0.5%	3,886	0.4%	34.3%
Logistic & transport related services	47,944	4.3%	57,869	6.0%	-17.2%
TOTAL	1,122,278	100.0%	960,383	100.0%	16.9%

Business Outlook

The Group is trading cautiously on rising Covid-19 cases and China government is tightening measures to control the spread of the virus. Nonetheless, according to the latest quarterly median estimate survey, China's GDP is still expected to grow at 5.3% in 2022.

As a result, the Group is still positive on the long-term demand of its petrochemical products which are used across a wide range of industries.

In particular, the Group's new polypropylene plant, which was completed at the end of 2020, has been in stable production and produces premier graded polypropylene which are used in the production of food packaging and other consumer products, and also can be applied to 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 25.1% share of the global Disposable Protective Clothing market. China is forecast to reach \$1.2 Billion by 2026.

The Group will continue to be prudent and manage its cash flow carefully while optimizing production.

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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 250,000 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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