

IMMEDIATE RELEASE

Sinostar PEC Reports Positive Results in FY2021

- Net profit to owners grew more than 50% y-o-y to RMB 237.4 million on the back of a 48% increase in revenue in the fiscal year
- Declares Final Dividend of 0.6 Singapore cents per ordinary share
- Net gearing improved to 26.5% on positive cash flow generation
- Group remains positive on the long-term demand of its petrochemical products given the rebound in economic activity and continual demand for individual products

SINGAPORE, 01 March 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 year ended 31 December 2021 (“2021”).

FY2021 Financial Highlights

<i>RMB (million)</i>	4Q2021	4Q2020	yoy change%	2021	2020	yoy change%
Revenue	1,370.4	950.9	44.1%	4,716.2	3,182.3	48.2%
Gross Profit	60.5	121.9	-50.4%	478.7	285.9	67.4%
Gross Profit Margin	4.4%	12.8%		10.1%	9.0%	
Net Profit	29.4	99.9	-70.6%	307.3	184.6	66.5%
Net Profit Margin	2.1%	10.5%		6.5%	5.8%	
Net Profit Attributable to Equity Holders	21.7	78.1	-72.2%	237.4	158.6	49.7%

Revenue increased by 48.2% year-on-year to RMB 4,716.2 million due to increased sales across all business segments, except for Propylene segment which was used to further produced into premier grade polypropylene. This is mainly driven by an increase in ASP, production volume, contribution from premier grade polypropylene and an increase in revenue from the logistics and transport related services. Consequently, gross profit increased 67.4% year-on-year to RMB 478.7 million. FY2021 net profit and net profit attributable to equity holders grew 66.5% and 49.7% y-o-y, respectively, to RMB 307.3 million and RMB 237.4 million.

Mr Li Xiangping, Executive Chairman and Chief Executive Officer of Sinostar PEC, commented, ***“Our Group achieved a set of commendable results, especially with various economic challenges. We’ve pared down our debt, which we had incurred to expand our production capacity; ending the financial period with a healthy balance sheet. The demand for the products is still relatively positive and we are confident of the long-term growth of our products. We will continue to be prudent in our operations and seize good opportunities.”***

The Group’s operating cash flow increased more than 70% y-o-y to RMB 607.7 million. Alongside a decrease in investing cash flow, following the completion of the new polypropylene plant last year, Sinostar ended 31 December 2021 with a healthy net debt/equity ratio of 26.5%. The Group also declares a Final Dividend of 0.6 Singapore cents per ordinary share.

RMB (million)	2021	2020	yoy change%
<i>Net cash generated from operating activities</i>	607.7	353.8	71.7%
<i>Net cash used in investing activities</i>	(60.9)	(259.3)	-76.5%
RMB (million)	31-Dec-21	31-Dec-20	
<i>Cash and bank balances</i>	702.6	352.0	
<i>Bank borrowings and loans*</i>	1,105.00	1,236.25	
<i>Net Debt/ (cash)</i>	402.39	884.22	

Equity	1,516.46	1,224.65
Net Gearing**	26.5%	72.2%

*Bank Borrowing + Loans from non-controlling interests

** Net Debt/Equity

Business Segmental Breakdown

	12 months ended		12 months ended		+ / (-)
	30 December 2021		30 December 2020		
Analysis of Revenue	RMB'000	%	RMB'000	%	%
Processed LPG - Total	1383.8	29.3%	924.1	0.29	49.7%
- Inter-company*	-836.4	-17.7%	-568.4	-0.18	47.2%
Propylene	82.9	1.8%	335.1	0.11	-75.3%
Polypropylene	300.0	6.4%	280.0	0.09	7.1%
Premium grade polypropylene # - Total	1168.8	24.8%	-	-	NM
- Inter-company***	-7.1	-0.2%	-	-	NM
MTBE	1843.1	39.1%	1105.9	0.35	66.7%
Propylene II - Total	665.2	14.1%	560.5	0.18	18.7%
- Inter-company**	-540.2	-11.5%	-	-	NM
Hydrogen	209.6	4.4%	189.0	0.06	10.9%
Isobutylene	166.6	3.5%	127.1	0.04	31.2%
Other Gas	25.8	0.5%	15.8	0.01	62.9%
Logistic & transport related services	254.1	5.4%	213.1	0.07	19.2%
TOTAL	4716.2	100.0%	3182.3	1.00	48.2%

* supplied of LPG to subsidiary Dongming Qianhai

** supplied of Propylene II to immediate holding company Dongming Hengchang

*** supplied of Premium grade polypropylene to subsidiary Dongming Qianhai

production from new polypropylene plant starting 1Q21

NM - Not Meaningful

Business Outlook

Although there is an increase in Covid-19 cases in China, some provinces strive to achieve a stable development this year. Provinces such as Shandong will gain a GDP growth of 5.5¹ percent in 2022, which economic analysts forecasted that stable economic growth targets will help the fight against the pandemic.

The Group remains positive on the long-term demand of its petrochemical products as those products are needed across a wide range of industries. The Company's products such as polypropylene and premium grade polypropylene are used in the production of food packaging, clothing and automotive interiors. According to IHS Markit, the global demand growth for polypropylene is expected to continue for the next 4-5 years with Asia remaining the key driver.

The Group will continue to be prudent and manage its cash flow carefully while optimising 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 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

¹ <https://www.globaltimes.cn/page/202202/1252090.shtml>



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