

**IMMEDIATE RELEASE**

**Sinostar PEC Net Profit**  
**More Than Doubled in 3Q2020**

- The New polypropylene production plant is preparing for trial productions; will increase current production capacity by 5x when completed
- The Group maintained confident of full year results

SINGAPORE, 13 November 2020 – 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 three months ended 30 September 2020 (“3Q2020”).

**3Q2020 and 9M2020 Financial Highlights**

<i>RMB (million)</i>	<b>3Q2020</b>	<b>3Q2019</b>	<b>yoy change %</b>	<b>9M2020</b>	<b>9M2019</b>	<b>yoy change %</b>
<i>Revenue</i>	714.6	620.8	15%	2,231.5	2,547.0	-12%
<i>Gross Profit</i>	84.3	54.7	54%	164.0	138.6	18%
<i>Gross Profit Margin</i>	11.8%	8.8%		7.3%	5.4%	
<i>Net Profit</i>	52.0	26.0	99%	84.7	59.7	42%
<i>Net Profit Margin</i>	7.3%	4.2%		3.8%	2.3%	
<i>Net Profit Attributable to Equity Holders</i>	46.8	22.3	110%	80.4	52.8	52%

The Group’s 3Q2020 revenue increased 15% year-on-year from RMB 620.8 million to RMB 714.6 million. Gross profit rose 54% year-on-year to RMB 84.3 million mainly due to an

increase in sales volume of our petrochemical products and an expansion in gross profit margins by 300bps to 11.8% in 3Q2020. Together with a drop in administrative expense and finance costs, the Group's net profit doubled to RMB 52 million. Net profit attributable to equity holders surged more than 100% to RMB46.8million in 3Q2020. The Group recorded a more than 50% rise in net profit to equity holders to RMB 80.4 million for 9M2020.

### **Business Segmental Breakdown**

<b>Revenue (RMB million)</b>	<b>3Q2020</b>	<b>% of sales</b>	<b>3Q2019</b>	<b>% of sales</b>
<i>Processed LPG (Total)</i>	203.6	28.5%	197.9	31.9%
<i>Less Inter-company* sales</i>	(130.7)	-18.3%	(93.1)	-15.0%
<i>Propylene</i>	94.1	13.2%	53.3	8.6%
<i>Polypropylene</i>	67.5	9.4%	42.4	6.8%
<i>MTBE**</i>	244.0	34.2%	225.4	36.3%
<i>Propylene II**</i>	126.3	17.7%	108.2	17.4%
<i>Hydrogen**</i>	36.0	5.0%	27.1	4.4%
<i>Isobutylene**</i>	22.3	3.1%	22.3	3.6%
<i>Other Gas**</i>	4.4	0.6%	1.7	0.3%
<i>Logistics &amp; Transport related services</i>	46.9	6.6%	35.5	5.7%
<b>Total</b>	<b>714.6</b>	<b>100%</b>	<b>620.8</b>	<b>100.0%</b>

\*Supplied of LPG to subsidiary Dongming Qianhai

\*\*Petrochemical products contributed by Subsidiary Dongming Qianhai

### **Business Outlook**

China continues to be among the few economies in the world to show positive growth in 2020 as its GDP is predicted to expand 1.9 percent and growth is expected to accelerate to 8.2 percent 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.

Mr Zhang Liucheng, Chief Executive Officer and Executive Director of Sinostar PEC, commented, ***“The Group is pleased with our third quarter performance, especially during such challenging times. China’s fast recovery, is a boosted confidence for us. Nonetheless. We remain to be prudent in the management of our finances and investments. We are excited for the completion of our new polypropylene production plant that will add on to the Group’s production capabilities. The team is not resting on our laurels, we hold onto our commitment of providing long-term value to our shareholders.”***

The construction of the new polypropylene production plant, which has an annual production capacity of 200,000 tons/year, is in the final completion phase, and the Group is currently preparing for trial productions. In conjunction with a combination of good cost control on construction and centralised bulk purchase of equipment for the new plant installations through working with our strategic partner Dongming Petrochem Group, the Group has been able to enjoy cost savings from the construction of the new polypropylene plant as it now expects the cost of construction to be much lower than the original budget of RMB 1.2 billion.

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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.



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For more information, please visit <http://www.sinostar-pec.com>

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