

IMMEDIATE RELEASE

Sinostar PEC Announces FY2022 First Half Results

- Despite the prolonged strict “Zero Covid” policy in China that has pummelled consumer spending, manufacturing, and trade, the Group is able to maintain profitability
- The Group continued to generate positive operating cashflow in 1H2022

SINGAPORE, 14 August 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 ended 30 June 2022 (“**2Q2022**”) and half year ended 30 June 2022 (“**1H2022**”).

1H2022 Financial Highlights

<i>RMB (million)</i>	2Q2022	2Q2021	yoy change	1H2022	1H2021	yoy change
Revenue	1058.6	1138.0	-7.0%	2180.9	2098.4	3.9%
Gross Profit	17.3	189.9	-90.9%	102.7	299.8	-65.8%
Gross Profit Margin	1.6%	16.7%		4.7%	14.3%	
Net Profit	-6.7	128.4	-105.2%	43.6	202.8	-78.5%
Net Profit Margin	N.M	11.3%		2.0%	9.7%	
Net Profit Attributable to Equity Holders	-10.3	97.5	-110.6%	28.0	156.9	-82.2%

1H2022 Gross profit decreased 66% year-on-year to RMB101.4 million due to a decrease in overall production and sales volume, as well as lower revenue from the logistics and transport-related services.

Consequently, 1H2022 net profit and net profit attributable to equity holders contracted 78.5% and 82.2% y-o-y respectively to RMB43.6 million and RMB28.0 million.

Mr Li Xiangping, Executive Chairman and Chief Executive Officer of Sinostar PEC, commented, ***“Due to challenging operating environment brought about by the prolonged “Zero Covid” policy, the Group is taking cautious steps to strengthen the business to emerge stronger when the situation stabilises. We are reasonably optimistic about the long-term demand for its petrochemical products used across a wide range of industries based on the current order trend.”***

The Group's ended 30 June 2022 with a healthy net debt/equity ratio of 29.2%.

RMB (million)	1H2022	1H2021	yoy change %
<i>Net cash generated from operating activities</i>	13.5	266.9	-94.9%
<i>Net cash used in investing activities</i>	-17.5	-24.6	-28.9%
RMB (million)	30-Jun-22	30-Dec-21	
<i>Cash and bank balances</i>	550.1	702.6	
<i>Bank borrowings and loans*</i>	1,000.0	1,105.0	
<i>Net Debt/(cash)</i>	449.9	402.4	
<i>Equity</i>	1,541.6	1,516.5	
<i>Net Gearing**</i>	29.2%	26.5%	

*Bank Borrowing + Loans from non-controlling interests

** Net Debt/Equity

Business Segmental Breakdown

	6 months ended		6 months ended		+ / (-)
	30 June 2022		30 June 2021		
Analysis of Revenue	RMB'000	%	RMB'000	%	%
Processed LPG - Total	819,113	37.6%	607,784	29.0%	34.8%
- Inter-company*	(532,212)	-24.4%	(362,213)	-17.3%	46.9%
Propylene	-	0%	82,883	3.9%	-100.0%
Polypropylene	144,817	6.6%	156,119	7.4%	-7.2%
Premium grade polypropylene	529,143	24.3%	328,127	15.6%	61.3%
MTBE	946,388	43.4%	845,942	40.3%	11.9%
Propylene II - Total	253,983	11.6%	327,615	15.6%	-22.5%
- Inter-company**	(253,491)	-11.6%	(202,644)	-9.7%	25.1%
Hydrogen	81,796	3.8%	101,204	4.8%	-19.2%
Isobutylene	70,701	3.2%	79,344	3.8%	-10.9%
Other Gas	9,639	0.4%	10,643	0.5%	-9.4%
Logistic & transport related services	114,797	5.3%	123,596	5.9%	-7.1%
TOTAL	2,180,865	100.0%	2,098,400	100.0%	3.9%

Business Outlook

Due to the ongoing uncertainty around the highly transmissible Covid-19 Omicron variant, and the prolonged strict “Zero Covid” policy that has pummelled consumer spending, manufacturing, and trade. Nevertheless, the Group is taking prudent steps to strengthen the business, while optimising its production volume, cash flows and balance sheet.

The Group will continue to observe the situation to manage the production. The Group is still reasonably optimistic about the long-term demand for its petrochemical products used across a wide range of industries based on the existing orders. The new polypropylene plant was completed at the end of 2020 and has been in stable 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 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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