

IMMEDIATE RELEASE

Sinostar PEC More Than Triples its Net Profit For 2Q2021

- 2Q2021 Net profit to owners nearly tripled to RMB97.5 million
- Positive performance driven mainly by increase in production and higher average selling prices of products such as MTBE
- Net gearing improved on robust cash flow generation

SINGAPORE, 13 August 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 June 2021 (“2Q2021”) and half year ended 30 June 2021 (“1H2021”).

1H2021 Financial Highlights

| <i>RMB ('million)</i> | 2Q2021 | 2Q2020 | yoy change % | 1H2021 | 1H2020 | yoy change % |
|---|---------|--------|-----------------|---------|---------|-----------------|
| Revenue | 1,138.0 | 732.6 | 55.3% | 2,098.4 | 1,516.8 | 38.3% |
| Gross Profit | 189.9 | 66.2 | 187.0% | 299.8 | 79.7 | 276.0% |
| Gross Profit Margin | 16.7% | 9.0% | | 14.3% | 5.3% | |
| Net Profit | 128.4 | 35.4 | 262.5% | 202.8 | 32.7 | 520.7% |
| Net Profit Margin | 11.3% | 4.8% | | 9.7% | 2.2% | |
| Net Profit Attributable to Equity Holders | 97.5 | 32.8 | 197.2% | 156.9 | 33.6 | 366.6% |

Second quarter’s Revenue rose over 50% year-on-year to RMB 1.1 billion driven by (i) an increase in average selling prices of petrochemicals produced, (ii) an increase in production

for most petrochemicals and (iii) contribution from the new polypropylene plant. Gross profit increased 187% to RMB189.9 million due to the increase in revenue as well as an expansion of gross margins from the higher average selling price of petrochemicals. As a result, 2Q2021 net profit jumped more than 3 times from a year ago to RMB128.4 million. Net profit attributable to equity holders nearly tripled to RMB97.5 million. 1HFY2021 net profit attributable to equity holders also jumped more than 4x to RMB156.9 million.

Mr Li Xiangping, Executive Chairman and Chief Executive Officer of Sinostar PEC, commented, ***“The strong net profit growth in 1H2021 reflects the fruits of our past investments. With the improved financial performance, the Group has also generated higher cash flow and significantly improved its balance sheet.”***

The Group generated a 75% increase in operating cash flow to RMB244.5 million for 1HFY2021. Net cash used in investing activities dropped to RMB24.6 million from RMB161.1 million a year ago, following the completion of the new polypropylene plant last year. This helped to improve the Group's net debt/equity ratio from 72.2% as of 31 December 2020 to 48.1% as of 30 June 2021.

| RMB (million) | 1H2021 | 1H2020 | yoy change % |
|---|------------------|------------------|---------------------|
| <i>Net cash generated from operating activities</i> | 244.5 | 139.2 | 75.6% |
| <i>Net cash used in investing activities</i> | (24.6) | (161.1) | -84.7% |
| RMB (million) | 30-Jun-21 | 31-Dec-20 | |
| <i>Cash and bank balances</i> | 475.2 | 352.0 | |
| <i>Bank borrowings and loans*</i> | 1,155.0 | 1,236.3 | |
| <i>Net Debt/(cash)</i> | 679.8 | 884.2 | |
| <i>Equity</i> | 1,411.9 | 1,224.7 | |
| <i>Net Gearing**</i> | 48.1% | 72.2% | |

*Bank Borrowing + Loans from non-controlling interests

** Net Debt/Equity

Business Segmental Breakdown

| 2QFY2021 | Sales volume (Tons) | yoy change % | Revenue (RMB million) | yoy % change | % of total revenue |
|--|--------------------------------|-----------------------------|----------------------------------|-------------------------|-------------------------------|
| <i>Processed LPG - Total</i> | 84,036 | 6.7% | 332.6 | 63.3% | 29.2% |
| <i>Less Inter-company*</i> | | | (205.6) | 64.3% | -18.1% |
| <i>Propylene</i> | 28,596 | | - | -100.0% | 0.0% |
| <i>Polypropylene</i> | 11,054 | -4.6% | 83.4 | 13.9% | 7.3% |
| <i>Premium grade polypropylene #</i> | 40,342 | N/A | 307.3 | N.M | 27.0% |
| <i>MTBE</i> | 92,573 | 18.7% | 480.0 | 105.7% | 42.2% |
| <i>Propylene II - Total</i> | 25,475 | 5.0% | 174.5 | 28.0% | 15.3% |
| <i>Less Inter-company**</i> | | | (202.6) | N.M | -17.8% |
| <i>Hydrogen</i> | 3,533 | 3.9% | 51.9 | 4.1% | 4.6% |
| <i>Isobutylene</i> | 5,502 | -8.8% | 44.1 | 45.6% | 3.9% |
| <i>Other Gas</i> | | | 6.8 | 104.1% | 0.6% |
| <i>Logistic & transport related services</i> | | | 65.7 | 8.0% | 5.8% |
| TOTAL | | | 1,138.0 | 55.3% | 100.0% |

* supplied of LPG to subsidiary Dongming Qianhai

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

production from new polypropylene plant starting 1Q21

| Revenue (RMB million) | 1H2021 | % of sales | 1H2020 | % of sales |
|----------------------------------|----------------|-------------------|----------------|-------------------|
| Liquefied petroleum gas | 245.6 | 11.7% | 177.0 | 11.7% |
| Propylene | 82.9 | 3.9% | 139.3 | 9.2% |
| Polypropylene | 156.1 | 7.4% | 132.2 | 8.7% |
| Premium grade polypropylene | 328.1 | 15.6% | - | 0.0% |
| Methyl Tert-Butyl Ether ("MTBE") | 845.9 | 40.3% | 531.6 | 35.0% |
| Propylene II | 125.0 | 6.0% | 261.2 | 17.2% |
| Hydrogen | 101.2 | 4.8% | 96.8 | 6.4% |
| Isobutylene | 79.3 | 3.8% | 70.2 | 4.6% |
| Other Gas | 10.6 | 0.5% | 7.1 | 0.5% |
| Transport and logistic services | 123.6 | 5.9% | 101.5 | 6.7% |
| Total | 2,098.4 | 100.0% | 1,516.8 | 100.0% |

Business Outlook

“With an annual polypropylene production capacity of 250,000 tonnes, we can now better utilise our unprocessed propylene production capacity to further process it into high-quality polypropylene. The Group is optimistic about its FY2021 financial performance and will continue to manage its cash flow closely and focus on operational efficiency, as well as to optimise production to generate long-term value to our shareholders.” Mr Li added.

As China hits the stimulus pedal this year, it is expected to surpass the U.S. as the world’s largest oil refiner according to the International Energy Agency (IEA). China’s economy continued to recover steadily in the first half of the year, with a 12.7 percent year-on-year GDP expansion for an average two-year growth of 5.3 percent.

Products such as polypropylene are the essential building block for everything from food packaging, clothing, cosmetics and fertilizer, even car and train interiors. This includes the demand for protective surgical masks and related products have continued to drive the demand for the Group’s products such as polypropylene (Pp) fibre which is used in the manufacturing of these protective equipment.

The Group has also completed its trial productions for the new polypropylene plant, which is now in stable production and operating at an average utilization rate of 90% in 2Q2021. The new polypropylene plant adopts the latest generation technology, Spheripol, to produce high-quality polypropylene which can be used in the production of automotive accessories, food packaging, and other consumer products.

Photos of New Polypropylene Plant Below:



New polypropylene plant



Night view of the completed Pp plant



Products from the new Pp plant

-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 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