

SINOSTAR PEC HOLDINGS LIMITED
(Company Registration No.: 200609833N)

UNAUDITED FINANCIAL STATEMENT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding year.

**Consolidated statements of comprehensive income for the
3rd quarter for the period ended 30 September 2019**

	<u>3rd Qtr 2019</u>	<u>3rd Qtr 2018</u>	<u>+ / (-)</u>	<u>9 months 2019</u>	<u>9 months 2018</u>	<u>+ / (-)</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>
Revenue	620,815	570,161	8.9	2,547,010	1,616,690	57.5
Cost of sales	(566,162)	(540,762)	4.7	(2,408,384)	(1,523,164)	58.1
Gross profit	54,653	29,399	85.9	138,626	93,526	48.2
Other income	2,440	1,970	23.8	4,615	4,658	(0.9)
Distribution costs	(169)	(204)	(17.2)	(480)	(430)	11.7
Administrative costs	(9,346)	(2,362)	198.3	(22,995)	(7,786)	168.7
Other operating expenses	(8)	(831)	(99.0)	(47)	(1,023)	(95.4)
Finance costs	(12,614)	-	100.0	(39,216)	-	100.0
Profit before taxation	34,956	27,972	25.0	80,503	88,945	(9.5)
Taxation	(8,929)	(8,095)	10.3	(20,800)	(23,100)	(10.0)
Total comprehensive income for the financial period	26,027	19,877	30.9	59,703	65,845	(9.3)
Attributable to:						
Equity holders of the Company	22,298	19,877		52,851	65,845	
Mom-controlling interests	3,729	-		6,852	-	
	<u>26,027</u>	<u>19,877</u>		<u>59,703</u>	<u>65,845</u>	

Notes to the Consolidated statement of comprehensive income

	3rd Quarter Ended		Change (+/-) %
	30/09/2019	30/09/2018	
	<u>RMB'000</u>	<u>RMB'000</u>	
Profit before tax is arrived at after charging/(crediting):			
Interest income	(2,440)	(1,970)	23.9
Disposal of property, plant and equipment	-	247	(100.0)
Depreciation of property, plant and equipment	27,901	3,818	630.8
Amortisation of land use rights	244	-	100.0

NM – Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	1,593,271	1,521,040	8	-
Land use rights	70,791	71,522	-	-
Goodwill on consolidation	10,345	10,345	-	-
Investment securities	30,450	30,450	-	-
Investment in subsidiaries	-	-	250,041	250,041
	<u>1,704,857</u>	<u>1,633,357</u>	<u>250,049</u>	<u>250,041</u>
CURRENT ASSETS				
Inventories	72,188	102,253	-	-
Trade and other receivables	72,247	79,761	-	-
Amount owing by subsidiary	-	-	14,275	13,711
Amounts owing by affiliated companies	2,055	1,528	-	-
Amount owing by non-controlling interests	35,138	192,700	-	-
Cash and cash equivalents	199,118	426,215	2,107	2,358
	<u>380,746</u>	<u>802,457</u>	<u>16,382</u>	<u>16,069</u>
TOTAL ASSETS	<u><u>2,085,603</u></u>	<u><u>2,435,814</u></u>	<u><u>266,431</u></u>	<u><u>266,110</u></u>
EQUITY				
Share capital	316,125	316,125	316,125	316,125
Retained profits/(accumulated losses)	146,034	109,123	(50,208)	(51,006)
Capital reserves	250,000	250,000	-	-
Other reserves	60,782	60,782	-	-
	<u>772,941</u>	<u>736,030</u>	<u>265,917</u>	<u>265,119</u>
Non-controlling interests	139,690	132,838	-	-
TOTAL EQUITY	<u>912,631</u>	<u>868,868</u>	<u>265,917</u>	<u>265,119</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Bank borrowings	62,500	156,250	-	-
CURRENT LIABILITIES				
Trade and other payables	93,721	119,614	514	991
Amounts owing to affiliated companies	32,337	160,485	-	-
Loan from non-controlling interests	850,000	1,000,000	-	-
Bank borrowings	125,000	125,000	-	-
Current tax payable	9,414	5,597	-	-
	<u>1,110,471</u>	<u>1,410,696</u>	<u>514</u>	<u>991</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,085,603</u></u>	<u><u>2,435,814</u></u>	<u><u>266,431</u></u>	<u><u>266,110</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/09/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	125,000	-	125,000

Amount repayable after one year

As at 30/09/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	62,500	-	156,250

Details of any collateral

Bank borrowings were previously secured by a mortgage over the property, plant and equipment of its affiliated company, 东明润泽化工有限公司 before the acquisition completed by the Group. This bank borrowing continues to be mortgaged over the same property, plant and equipment after the acquisition completed (refer below 8(f)).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows for the period ended 30 September 2019

	3 rd quarter ended	
	30/09/2019	30/09/2018
	<u>RMB'000</u>	<u>RMB'000</u>
Cash flows from operating activities		
Profit before taxation	34,957	27,972
Adjustments for:-		
Depreciation of property, plant and equipment	27,901	3,818
Amortisation of land use rights	244	-
Loss on disposal of property, plant and equipment	-	247
Interest expense	12,614	-
Interest income	(2,440)	(1,970)
Operating profit before working capital changes	73,276	30,067
Change in inventories	(22,330)	3,216
Change in amount owing to affiliated companies	4,978	(45,306)
Change in operating receivables	(25,936)	9,599
Change in operating payables	24,240	7,364
Cash generated from operations	54,228	4,940
Income tax paid	(5,941)	(8,574)
Interest paid	(12,614)	-
Net cash generated from/(used in) operating activities	35,673	(3,814)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(75,545)	(27,969)
Interest received	2,440	1,970
Net cash used in investing activities	(73,105)	(25,999)
Cash flows from financing activity		
Bank borrowings	(31,250)	-
Net cash used in investing activity	(31,250)	-
Net decrease in cash and bank balances	(68,682)	(29,813)
Cash and bank balances at beginning of period	267,800	412,091
Cash and bank balances at end of period	199,118	382,278

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

Cash-in-hand	133	133
Bank balances	191,985	275,145
Cash funds placed with financial institutions	7,000	107,000
	199,118	382,278

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED STATEMENT OF CHANGES IN EQUITY - GROUP

	Share capital RMB'000	Retained profits RMB'000	Capital reserves RMB'000	Other reserves			Controlling interest RMB'000	Non-controlling interest RMB'000	Total RMB'000
				Statutory common reserve RMB'000	Voluntary common welfare fund RMB'000	subtotal RMB'000			
1 January 2019 to 30 September 2019									
Balance as at 1 January 2019	316,125	109,123	250,000	59,985	797	60,782	736,030	132,838	868,868
Total comprehensive income for the period	-	52,851	-	-	-	-	52,851	6,852	59,703
Dividends paid	-	(15,940)	-	-	-	-	(15,940)	-	(15,940)
Balance as at 30 September 2019	316,125	146,034	250,000	59,985	797	60,782	772,941	139,690	912,631

	Share capital RMB'000	Retained profits RMB'000	Capital reserves RMB'000	Other reserves			Controlling interest RMB'000	Non-controlling interest RMB'000	Total RMB'000
				Statutory common reserve RMB'000	Voluntary common welfare fund RMB'000	subtotal RMB'000			
1 January 2018 to 30 September 2018									
Balance as at 1 January 2018	316,125	300,571	-	51,188	797	51,985	-	-	668,681
Total comprehensive income for the period	-	65,845	-	-	-	-	-	-	65,845
Dividends paid	-	(15,355)	-	-	-	-	-	-	(15,355)
Balance as at 30 September 2018	316,125	351,061	-	51,188	797	51,985	-	-	719,171

UNAUDITED STATEMENT OF CHANGES IN EQUITY - COMPANY

1 January 2019 to 30 September 2019

	Share capital <u>RMB'000</u>	Accumulated losses <u>RMB'000</u>	Total equity <u>RMB'000</u>
Balance as at 1 January 2019	316,125	(51,006)	265,119
Total comprehensive income for the period	-	16,738	16,738
Dividends paid	-	(15,940)	(15,940)
Balance as at 30 September 2019	316,125	(50,208)	265,917

1 January 2018 to 30 September 2018

	Share capital <u>RMB'000</u>	Accumulated losses <u>RMB'000</u>	Total equity <u>RMB'000</u>
Balance as at 1 January 2018	316,125	(29,647)	286,478
Total comprehensive expense for the period	-	(3,820)	(3,820)
Dividends paid	-	(15,355)	(15,355)
Balance as at 30 September 2018	316,125	(48,822)	267,303

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2019 and 30 September 2018.

- 1(d) (iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30/09/2019	31/12/2018
Number of issued shares (excluding treasury shares)	640,000,000	640,000,000
Number of treasury shares held	NIL	NIL

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had applied the same accounting policies and methods of computation in the financial statements for the current financial period as those adopted in the audited financial statements for the financial year ended 31 December 2018.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in accounting policies and methods of computation since 31 December 2018.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 rd Quarter Ended	
	30/09/2019	30/09/2018
	<u>RMB (cents)</u>	<u>RMB (cents)</u>
Profit per share for the period based on net profit attributable to owners of the parent company		
(a) Based on basic number of ordinary shares on issue	3.48	3.11
No. of shares in issue (weighted average)	640,000,000	640,000,000
(b) On a fully diluted basis	3.48	3.11
No. of shares in issue (weighted average)	640,000,000	640,000,000

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Net asset value per ordinary share	1.21	1.15	0.42	0.41

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Analysis of Revenue (in RMB'000)	3rd Qtr 2019	%	3rd Qtr 2018	%
Processed LPG - Total	197,896	31.9%	340,057	59.6%
- Inter-company *	(93,139)	-15.0%	-	0.0%
Propylene	53,289	8.6%	129,171	22.7%
Polypropylene	42,410	6.8%	61,829	10.8%
MTBE **	225,365	36.3%	-	0.0%
Propylene II **	108,225	17.4%	-	0.0%
Hydrogen **	27,140	4.4%	-	0.0%
Isobutylene **	22,349	3.6%	-	0.0%
Other Gas **	1,734	0.3%	-	0.0%
Logistics & transport related services	35,546	5.7%	39,104	6.9%
TOTAL	620,815	100.0%	570,161	100.0%

*supplied of LPG to subsidiary Dongming Qianhai

** petrochemical products produced by Subsidiary Dongming Qianhai

(a) Processed LPG

There was a periodical production plants maintenance carryout in both subsidiaries Dongming Hengchang and Dongming Qianhai between 13 July 2019 to 23 August 2019.

Sale of processed LPG decreases by 41.8% from RMB 340.0 million in 3Q2018 to RMB 197.9 million in 3Q2019. Total production output, average selling price ("ASP") and average cost of sales("ACS") during the reporting period decreases by 28.3%, 18.9% and 24.5% respectively as compared to 3Q2018.

Revenue of processed LPG include an inter-company supplied total value of RMB 93.1 million of processed LPG to Dongming Qianhai.

(b) Propylene

Sale of propylene decreases by 58.7% from RMB 129.2 million in 3Q2018 to RMB 53.3 million in 3Q2019. Total production output, ASP and ACS decreases by 58.7%, 10.4% and 0.8% respectively as compare to 3Q2018.

(c) Polypropylene

Polypropylene decreases by 31.4% from RMB 61.8 million in 3Q2018 to RMB 42.4 million in 3Q2019. Total production output during the reporting periods decreases by 24.8%. The ASP decrease by 7.8% couple with ACS increase by 4.0% as compare to 3Q2018.

(d) MTBE, Propylene II, Hydrogen, Isobutylene

Revenue generated by subsidiary Dongming Qianhai (东明前海化工有限公司) accounted for 61.9% of total revenue of 3Q2019 with majority from product of MTBE and propylene II sales. Overall production was affected by the plants maintenance which sees a 39.7% decrease in term of output volume as compare to 2Q2019.

(e) Logistics & transport related service

Revenue from this business decreases by 9.0% from RMB 39.1 million in 3Q2018 to RMB 35.5 million in 3Q2019. Decrease is due to lower transportation requirements from a major customer in Jiangsu area.

Gross profit

The group made a total gross profit of RMB 54.6 million in 3Q2019 as compared to RMB 29.4 million in 3Q2018.

Other income and expenses

(a) Other income

Interest income increase mainly due to higher interest rate earned on the unutilized fund placed in fixed deposit with the financial institution;

(b) Administration costs

Increase is due to the consolidation of subsidiary company Dongming Qianhai results;

(c) Finance expense

Interests accrued from the consolidation of Dongming Qianhai results, mainly on the loan from non-controlling interest amounted to RMB 9.9 million and balance on bank borrowing respectively;

As a result, the Group made a profit of RMB 22.3 million attributed to the equity holders of the company, as compared to profit of RMB 19.9 million in 3Q2018.

Balance Sheet

Highlights on changes in balance sheet items of the Group are as follows:-

(a) Property, plant and equipment

The increase mainly due to the capitalisation of initial costs on the construction-in-progress of newly polypropylene production plant in subsidiary Dongming Hengchang. This new plant is scheduled to be completed in 4Q of FY2020;

(b) Inventories

Inventories comprise of approximately RMB 40.1 million on raw materials and equivalent value of RMB 31.1 million on finished petrochemical products, recorded at cost;

(c) Bank Borrowing

Bank borrowing relates to a long-term capital loan obtained from the bank by subsidiary Dongming Qianhai. The loan is carrying an interest rate of 4.75% per annum with a fixed repayment term of RMB 31.25 million in each quarterly till settle fully by FY 2021;

(d) Amount owing by non-controlling interests

Amount of RMB 35.1 million owing by affiliated Dongming Petrochem Group. All Dongming Qianhai cash receivables and payables are required to transact through Dongming Petrochem Group due to the reason stated below (f) as a form of security;

(e) Amount owing to affiliated companies

Mainly the accrued of 10% of final progress payment to Dongming Zhongyou Fuel and Petrochemical Company Limited (东明中油燃料石化有限公司) amounted to RMB 31.8 million for the 70% controlling stake acquisition of Dongming Qianhai. This amount is to be settled by 26 December 2019;

(f) Loan from non-controlling interests

Loans are from non-controlling interest Dongming Petrochem Group to financing the working capital use in Dongming Qianhai prior to acquisition completed. All loans are unsecured, bearing interest at 4.5675% per annum and able to roll-over when due if required.

Cash flow

In 3Q2019, the group generated a net cash of RMB 35.7 million from operating activities, offset by net cash used in both investing activities and financing activities amount of RMB 73.1 million and RMB 31.2 million respectively. As a result, the cash and cash equivalent decrease to RMB 199.1 million, down from RMB 382.7 million in 3Q2018.

- 9** Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

- 10** A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group completed the maintenance of the production plants in both subsidiaries, Dongming Hengchang and Dongming Qianhai. Operations of the plants have returned to normalcy, restored the production levels for all productions.

The construction of the new polypropylene production plant remains on track and is estimated to be completed by the fourth quarter of fiscal year 2020. In the meantime, the Group will continue to be prudent in cash flow management and focus on cost efficiency.

- 11** Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

- 12** If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the 9-month ended 30 September 2019.

- 13** If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.,

Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<p>For periods from July 2019 to September 2019 ;-</p> <p>Dongming Zhongyou Fuel and Petrochemical Company Limited (东明中油燃料石化有限公司)</p> <ul style="list-style-type: none"> - Purchase of raw LPG - Sale of residual oil - Purchase of utilities - Logistics & transport related services provided to <p>Shandong Dongming Petrochem Group Co., Ltd. (山东东明石化集团有限公司)</p> <ul style="list-style-type: none"> - Purchase of utilities, part & components - Sale of processed LPG - Logistics & transport related services provided to <p>Dongming Runze Petrochemical Co., Ltd (东明润泽化工有限公司)</p> <ul style="list-style-type: none"> - Purchase of utilities, part & components - Sale of Hydrogen gas - Sale of utilities <p>Dongming Crude Oil Distribution Co., Ltd (东明石油经销有限公司)</p> <ul style="list-style-type: none"> - Logistics & transport related services provided to 		<p>RMB 292,842,117</p> <p>RMB 1,486,345</p> <p>RMB 1,121,334</p> <p>RMB 1,648,357</p> <p>RMB 2,853,802</p> <p>RMB 10,671,637</p> <p>RMB 97,724</p> <p>RMB 22,988,419</p> <p>RMB 27,139,874</p> <p>RMB 5,735,081</p> <p>RMB 14,598</p>

<ul style="list-style-type: none"> - Purchase of raw LPG from markets - Consignment fee 		<p>RMB 8,693,351</p> <p>RMB 532,745</p>
<p>Shandong Dongming Lishu Petroleum Co., Ltd (山东东明梨树化学有限公司)</p> <ul style="list-style-type: none"> - Sales of processed LPG - Purchase of LPG - Purchase of utilities 		<p>RMB 64,285,580</p> <p>RMB 31,502,531</p> <p>RMB 5,104</p>
<p>Dongming Runming Oil Products Distribution Co., Limited (东明润明油品销售有限公司)</p> <ul style="list-style-type: none"> - Logistics & transport related services provide to 		<p>RMB 26,580</p>
<p>Shandong Dongming Petrochem Group Co., Ltd (山东东明石化集团有限公司)</p> <ul style="list-style-type: none"> - Accrued Interest on loan from non-controlling interest 	<p>RMB 9,921,625</p>	

14. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these financial results to be false or misleading in any material aspect.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17 A breakdown of sales.

Not applicable.

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Li Xiangping	58	Father of Li Zhi, non-executive Director of the Company	Non Executive Chairman Since 2006, Substantial shareholder of the Company.	None
Li Zhi	33	Son of Mr Li Xiangping, the Non Executive Chairman of the Company	Non Executive Director of the Company Since 2019	Appointed in year 2019.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)
OF THE SGX-ST LISTING MANUAL

We, Zhang Liucheng and Li Xiang Ping, being Directors of the Company, do hereby confirm for and on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the third quarter ended 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors
Sinostar PEC Holdings Limited

Zhang Liucheng
Executive Director and
Chief Executive Officer

Li Xiang Ping
Non-executive Chairman

BY ORDER OF THE BOARD

ZHANG LIUCHENG
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER