IMMEDIATE RELEASE

Sinostar PEC Announces

First Quarter Fiscal Performance

- **First Quarter earnings were affected by the outbreak of COVID-19 and volatile oil prices**
- **Sinostar continues to be prudent in cash flow management while managing risks and focusing on cost efficiency and stable production**

SINGAPORE, 12 May 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 31 March 2020 (**"1Q2020"**).

1Q2020 Financial Highlights

RMB (million)	*1Q2020*	*1Q2019*	*yoy change %*
Revenue	784.2	979.5	-20%
Gross Profit	13.6	68.9	-80%
Gross Profit Margin (%)	1.7%	7.0%	
Net Profit	(2.8)	38.8	N.M
Net Profit Margin (%)	-0.4%	4.0%	
Net Profit Attributable to Equity Holders	0.8	32.4	-98%

Financial Performance

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1Q2020 revenue fell 20% Y-O-Y to RMB784.2 million as demand was affected by both the volatility of oil prices and the pandemic. Consequently, gross profit fell 80% Y-O-Y to RMB13.6 million. The Group bears a net loss of RMB2.8 million and a net profit attributable to equity holders of RMB0.8 million during the quarter.

Segmental Breakdown

Revenue (RMB million)	***1Q2020***	***% of sales***	***1Q2019***	***% of sales***
Processed LPG (Total)	255.3	32.6%	302.2	30.9%
Less Inter-company sales*	(156.8)	-20.0%	(163.6)	-16.7%
Propylene	72.3	9.2%	79.0	8.1%
Polypropylene	58.9	7.5%	80.3	8.2%
*MTBE***	298.2	38.0%	391.9	40.0%
*Propylene II***	125.0	15.9%	160.1	16.3%
*Hydrogen***	47.0	6.0%	49.4	5.0%
*Isobutylene***	39.9	5.1%	44.8	4.6%
*Other Gas***	3.8	0.5%	3.1	0.3%
Logistics & Transport related services	40.7	5.2%	32.4	3.3%
Total	**784.2**	**100.0%**	**979.5**	**100.0%**

**Supplied of LPG to subsidiary Dongming Qianhai and subjects to Group elimination*

***Petrochemical products contributed by subsidiary company Dongming Qianhai*

Business Outlook

Since the occurrence of the Covid-19 pandemic, the Chinese market has been impacted by the nation lockdown and the volatility of oil prices. Notwithstanding, China has started to resume some of its economic activities, howbeit the recovery of the industry is slow. During this the pandemic, individual products climbed up on the back of strong demand. There is an increase in demand for polypropylene (pp) fiber that is used in production of protective surgical masks and related products manufacturing. Nonetheless the price of MTBE is highly related to the gasoline price and is impacted by the decline in gasoline prices.

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The Group is positive that as China fully resumed their economic activity, that may make up for the demand lost and the Company's operations will also be improved respectively. Sinostar will continue to be prudent in cash flow management while managing risks and focusing on cost efficiency and stable production.

On the operational front is stable, and with the construction of the new polypropylene production plant, which has an annual production capacity of 200,000 tonnes/year, remains on track and is scheduled to be completed by the fourth quarter of fiscal 2020.

Mr Zhang Liucheng, Chief Executive Officer and Executive Director of Sinostar PEC, commented, "***The Pandemic which has a rather huge impact for a lot of companies, withal we are starting to see improvements after China's economy restarted. We have managed to secure a new long-term capital loan from the bank for the construction of our new polypropylene plant and remain confident in the outlook of the Group as we execute on our expansion plans."***

-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

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