

IMMEDIATE RELEASE

Sinostar PEC reports 1H2019 performance

- Revenue rose 84% Y-o-Y to RMB 1.9 billion mainly attributable to contributions from its newly acquired subsidiary, Dongming Qianhai
- Recorded a Net Profit of RMB 33.7 million

SINGAPORE, 15 Aug 2019 – 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 its half year ended 30 June 2019 (“**1H2019**”), recording a net profit of RMB 33.7 million.

1H2019 Financial Highlights

RMB (million)	2Q2019	2Q2018	yoy change %	1H2019	1H2018	yoy change %
<i>Revenue</i>	946.7	518.2	83	1926.2	1046.5	84
<i>Gross Profit</i>	15.1	35.3	(57)	84.0	64.1	31
<i>Gross Profit Margin (%)</i>	1.6	6.8	-	4.4	6.1	-
<i>Net Profit</i>	(5.1)	24.7	(121)	33.7	46.0	(27)
<i>Net Profit Attributable to Equity Holders</i>	(1.9)	24.7	(108)	30.6	46.0	(34)

During 1H2019, the Group’s revenue increased by 84% to RMB1.9 billion from RMB1.0 billion in its corresponding period, mainly due to the contribution from its newly acquired subsidiary Dongming Qianhai, partially offset by a decrease in revenue from processed LPG, propylene, polypropylene and its logistics & transport related services. The Group’s gross profit grew 31% Y-o-Y on higher gross revenue with a gross profit margin of 4.4% during the fiscal period. As

a consequence of the aforementioned, the Group recorded a net profit of RMB33.7 million in 1H2019. Whilst, the Group reported a net loss of RMB1.9 million in 2Q2019, as highlighted previously in its profit guidance announcement dated 21 July 2019, mainly due to the decrease in overall market selling price of the petrochemical products.

Segmental Breakdown

Revenue (in RMB million)	2Q2019	% of sales	2Q2018	% of sales
<i>Processed LPG (Total)</i>	323.6	34.2	311.5	60.1
<i>- Inter-company*</i>	(173.1)	18.3	-	-
<i>Propylene</i>	83.3	8.8	86.5	16.7
<i>Polypropylene</i>	81.6	8.6	83.5	16.1
<i>MTBE**</i>	320.2	33.8	-	-
<i>Propylene II**</i>	185.9	19.6	-	-
<i>Hydrogen**</i>	46.3	4.9	-	-
<i>Isobutylene**</i>	48.4	5.1	-	-
<i>Other Gas**</i>	5.5	0.6	-	-
<i>Logistics & Transport related services</i>	25.0	2.6	36.8	7.1
Total	946.7	100	518.2	100.0

*Supplied of LPG to subsidiary Dongming Qianhai

**Petrochemical products produced by subsidiary Dongming Qianhai

Moving Forward

Going into 3Q2019, the Group's propylene and polypropylene production volume may be affected by a major plant maintenance carryout in both subsidiaries Dongming Hengchang and Dongming Qianhai from July to end-August 2019. The Group will focus on increasing production efficiency in order to mitigate the impacts from the plant maintenance.

Mr Zheng Liucheng, Chief Executive Officer and Executive Director of SinoStar PEC, commented, ***“As we advanced into the coming quarter, we remain conservative amidst the macro uncertainty and slowdown in global growth. Nonetheless, we remain positive on the Group’s long-term outlook and demand for our products. We will continue to***



improve our cost efficiency and manage our cashflow and gearing carefully as we navigate through this challenging time.”

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About Sinostar PEC Holdings Limited

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 Trade Mark" 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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