

IMMEDIATE RELEASE

Sinostar PEC Posts Positive Growth in 3Q2019 Results

- Net Profit surged 30.9% Y-O-Y to RMB 26.0 million
- The group’s focus remains on maintaining financial discipline and reliable operations
- Anticipates a positive financial result in upcoming quarters

SINGAPORE, 13 Nov 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 three months ended 30 September 2019 (“**3Q2019**”), recording a surge of 30.9% Y-O-Y in its net profit to RMB 26.0 million.

Financial Highlights

| <i>RMB (million)</i> | 3Q2019 | 3Q2018 | <i>yoy change %</i> | 9M2019 | 9M2018 | <i>yoy change %</i> |
|--|---------------|---------------|-------------------------|---------------|---------------|-------------------------|
| <i>Revenue</i> | 620.8 | 570.2 | 8.9 | 2547.0 | 1616.7 | 57.5 |
| <i>Gross Profit</i> | 54.7 | 29.4 | 85.9 | 138.6 | 93.5 | 48.2 |
| <i>Gross Profit Margin (%)</i> | 8.8 | 5.2 | 3.6 | 5.4 | 5.8 | (0.4) |
| <i>Net Profit</i> | 26.0 | 19.9 | 30.9 | 59.7 | 65.8 | (9.3) |
| <i>Net Profit Attributable to Equity Holders</i> | 22.3 | 19.9 | 12.1 | 52.9 | 65.8 | (19.6) |

During the third quarter of the financial year, the Group's revenue increased by 8.9% to RMB 0.62 billion from RMB 0.57 billion in its corresponding period, primarily due to higher contributions from the product sales of MTBE and Propylene II generated by its subsidiary Dongming Qianhai, partially offset by a decrease in revenue from Processed LPG, Propylene, Polypropylene and its Logistics & Transport related services. The Group's overall production was affected by the periodical production plants maintenance carryout in both subsidiaries Dongming Hengchang and Dongming Qianhai between 13 July 2019 to 23 August 2019, resulting a decrease in its total production output volume in 3Q2019.

The Group's gross profit rose 85.9% Y-O-Y to RMB 54.7 million with an improved gross profit margin of 8.8% during the fiscal period. As a consequence of the aforementioned, the Group recorded a net profit of RMB 26.0 million and RMB 59.7 million in 3Q2019 and 9M2019 respectively.

Segmental Breakdown

| Revenue (in RMB million) | 3Q2019 | % of sales | 3Q2018 | % of sales |
|---|---------------|-------------------|---------------|-------------------|
| <i>Processed LPG (Total)</i> | 197.9 | 31.9 | 340.1 | 59.6 |
| <i>- Inter-company*</i> | (93.1) | (15.0) | - | 0.0 |
| <i>Propylene</i> | 53.3 | 8.6 | 129.2 | 22.7 |
| <i>Polypropylene</i> | 42.4 | 6.8 | 61.8 | 10.8 |
| <i>MTBE**</i> | 225.4 | 36.3 | - | 0.0 |
| <i>Propylene II**</i> | 108.2 | 17.4 | - | 0.0 |
| <i>Hydrogen**</i> | 27.1 | 4.4 | - | 0.0 |
| <i>Isobutylene**</i> | 22.3 | 3.6 | - | 0.0 |
| <i>Other Gas**</i> | 1.7 | 0.3 | - | 0.0 |
| <i>Logistics & Transport related services</i> | 35.5 | 5.7 | 39.1 | 6.9 |
| Total | 620.8 | 100.0 | 570.2 | 100.0 |

*Supplied of LPG to subsidiary Dongming Qianhai

**Petrochemical products produced by subsidiary Dongming Qianhai

FY2019 Outlook

The Group has completed the maintenance of the production plants in both subsidiaries. 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. The global polypropylene market is poised to attain a market value of USD 122.31 billion by 2026, registering a compound annual growth rate (CAGR) of 5.5% during the forecast period.¹ One of the key drivers of the global polypropylene market growth is the rising demand in the automotive industry, where polypropylene is widely used in automobile manufacturing as a highly valuable material, which offers various benefits such as high chemical resistance and excellent impact balance.

In the meantime, the Group will continue to be prudent in cash flow management and focus on cost efficiency.

Mr Zhang Liucheng, Chief Executive Officer and Executive Director of Sinostar PEC, commented, ***“Notwithstanding the periodical maintenance of our production plants that affected our overall production, we are pleased to have registered an improvement on our financial front in this fiscal quarter. With the completion of the plant maintenance in end August, we remain confident in maintaining our positive momentum as we continue to produce value-added products that will help bolster our revenue contributions. We’re also continuing to advance our strategy, making strong progress with our plans and building new opportunities.”***

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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

¹ <https://www.globenewswire.com/news-release/2019/10/23/1933823/0/en/Polypropylene-Market-to-Reach-a-Figure-of-USD-122-31-Billion-by-2026-Fortune-Business-Insights.html>



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>

Investor Relations Representatives

Media Contact : Ms Chan Hui Si | huisi@gem-comm.com

Investor Relations Contact : Ms Emily Choo | emily@gem-comm.com