

**IMMEDIATE RELEASE**

**Sinostar PEC reports 82% surge in 1Q2019 Net Profit**

- Revenue rose 85% Y-o-Y to RMB 979.5 million driven by maiden contributions from newly acquired subsidiary, Dongming Qianhai at end of FY2018.
- Net profit grew 82% Y-o-Y to RMB 38.8 million

**SINGAPORE, 13 May 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 the first month ended 31 March 2019 (“**1Q2019**”), with a 82% increase in its net profit.

**1Q2019 Financial Highlights**

<b>RMB (million)</b>	<b>1Q2019</b>	<b>1Q2018</b>	<b>yoy change %</b>
<i>Revenue</i>	979.5	528.3	85.4%
<i>Gross Profit</i>	68.9	28.8	139.0%
<i>Gross Profit Margin (%)</i>	7.0%	5.5%	
<i>Net Profit</i>	38.8	21.3	82.4%
<i>Net Profit Margin (%)</i>	4.0%	4.0%	
<i>Net Profit Attributable to Equity Holders</i>	32.4	21.3	52.4%

Revenue increased 85%, mainly due to contribution from newly acquired subsidiary Dongming Qianhai, which is 66% of total revenue in 1Q2019, partially offset by a decrease in revenue from processed LPG, propylene and its logistics & transport related services. Gross profit surged 139% Y-o-Y on higher gross revenue and an expansion in gross margins from higher product margins -MTBE, propylene II, Hydrogen and Isobutylene. Therefore, the Group’s net profit rose 82% from RMB21.3 million in 1Q2018 to RMB38.8 million in 1Q2019.

### Segmental Breakdown

<b>Revenue (million)</b>	<b>1Q2019</b>	<b>% of sales</b>	<b>1Q2018</b>	<b>% of sales</b>
<i>Processed LPG (Total)</i>	302.2	30.9%	312.9	59.2%
<i>Less Inter-company* sales</i>	(163.6)	-16.7%	-	-
<i>Propylene</i>	79.0	8.1%	97.3	18.4%
<i>Polypropylene</i>	80.3	8.2%	80.1	15.2%
<i>MTBE**</i>	391.9	40.0%	-	0.0%
<i>Propylene II**</i>	160.1	16.3%	-	0.0%
<i>Hydrogen**</i>	49.4	5.0%	-	0.0%
<i>Isobutylene**</i>	44.8	4.6%	-	0.0%
<i>Other Gas**</i>	3.1	0.3%	-	0.0%
<i>Logistics &amp; Transport related services</i>	32.4	3.3%	38.0	7.2%
<b>Total</b>	<b>979.5</b>	<b>100.0%</b>	<b>528.3</b>	<b>100.0%</b>

\*Inter-company supplied RMB 163.6 million of processed LPG to acquired subsidiary, Dongming Qianhai Petrochemical Co., Ltd in 1Q2019

\*\*Products from newly acquired subsidiary Dongming Qianhai

### Moving Forward

The Group's propylene production plant at Dongming Qianhai has been in stable production since the start of FY2019, and began contributing to the group in the past quarter.

Polypropylene is the most important derivative of propylene and is calculated to form more than 70% of propylene demand. In tandem with the Group's expanded propylene production capacity, the Group is constructing a new polypropylene plant and presently at the piling completion stage. The construction of the polypropylene production plant is estimated to complete by the fourth quarter of fiscal year 2020.

The Group will continue to manage its cashflow and gearing, focusing on cost efficiency along with increasing frequency in cost budgets review.

Mr Zheng Liucheng, Chief Executive Officer and Executive Director of Sinostar PEC, commented, “We are really pleased with our 1Q2019 results. ***With the consolidation of Dongming Qianhai, we have beefed up our production capability and expertise to produce more value-added products such as MTBE and Isobutylene. We will continue to execute on our expansion plans while being mindful of our cash flow and gearing to maximize shareholder value***”

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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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