

IMMEDIATE RELEASE

Sinostar PEC Reports Stellar Growth in FY2018

- Robust revenue growth of 25% Y-o-Y to RMB2.3 billion
- Net Profit attributable to equity holders rose 21% Y-o-Y to RMB82.7 million
- Declares Final Dividend of 0.5 Singapore cents per ordinary share

SINGAPORE, 1 March 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 full year ended 31 December 2018 (“**FY2018**”), with a 21% Y-o-Y increase in its net profit attributable to equity holders.

FY2018 Financial Highlights

RMB (million)	FY2018	FY2017	yoy change %
Revenue (RMB)	2,259.5	1,804.6	25
Gross Profit (RMB)	128.0	103.7	23
Gross Profit Margin (%)	5.7	5.7	-
Net Profit Attributable to Equity Holders	82.7	68.2	21
Net Profit Margin (%)	3.7	3.8	-

Segmental Breakdown

Revenue (million)	FY2018	% of sales	FY2017	% of sales
Processed LPG	1,362.5	60%	1,018.8	56%
Propylene	418.0	19%	292.3	16%
Polypropylene	337.2	15%	317.4	18%
Logistics and Transport Related Services	141.8	6%	176.2	10%
Total	2,259.5		1,804.6	

In FY2018, the Group's revenue rose 25% to RMB2.3 billion from RMB1.8 billion in FY2017. The revenue growth was mainly contributed by the improved sales of processed liquefied petroleum gas by 33.7% to RMB1.4 billion as a result of an increase in the total production output by 22.5%. Propylene increased significantly to RMB418.0 million in FY2018, a substantial increment of 43% from RMB292.3 million in FY2017. The rise was mainly due to an increase of 28.1% in the production output.

The revenue from polypropylene grew by 6.2% to RMB337.2 million in FY2018 due to an increase in average selling price ("ASP") by 12.8% as compared to FY2017. Whereas, logistics and transport related services decreased by 19.5% to RMB141.8 million in FY2018 mainly due to lower demand and pricing competition resulting from the lower demand in the highly flammable gas transportation industry.

The Group's gross profit rose by 23% from RMB103.7 million in FY2017 to RMB128.0 million in FY2018.

Hence, the Group's net profit attributable to equity holders rose 21% from RMB68.2 million in FY2017 to RMB82.7 million in FY2018.

Moving Forward

The Group prospects the polypropylene manufacturing as positive outlook, as there is a rise in demand for durable and sustainable products in different end-user industries that can further fuel its growth and expansion. China remains as the biggest market for polypropylene and the Group will go forward to leverage on its capabilities to accomplish more clients and diversify its customer base. This is in line with its long-term strategy to buttress its market leadership position in the petrochemical sector.

In fiscal year 2018, the Group announced its proposed investment by its subsidiary Dongming Hengchang Petrochemical Co., Ltd. for the construction of a polypropylene production plant. The polypropylene production plant is expected to increase the Group's production capacity from its current annual capacity of 50,000 tonnes to 250,000 tonnes per annum. The polypropylene production plant will adopt the latest-generation technology – Spheripol, with the most advanced production process that is both energy efficient and environmental-friendly in producing high quality polypropylene. These high quality polypropylene can be widely used

in high valued products such as high-end medical equipment, automotive accessories, home appliances, electrical films, food packaging and other consumer products. The profits arising from the sale of high quality type polypropylene is relatively higher as compared to the sale of its current production type.

Furthermore, the completion of the strategic acquisition of 70% equity controlling stake in Dongming Qianhai Petrochemical Co Limited (“**Dongming Qianhai**”) will double the Group’s propylene production capacity to 180,000 metric tons/year. With the completion of its preliminary and achieved stable production, Dongming Qianhai is expected to contribute in favour to the Group’s performance in FY2019.

Mr Zheng Liucheng, Chief Executive Officer and Executive Director of Sinostar PEC, commented, ***“As we keep up our momentum, we are pleased to deliver a stellar performance in FY2018, bolstered by an increase in sales volume and ASP. During the year, we announced a proposed investment in the construction of a polypropylene plant, as part of our long-term strategy to boost our production capabilities, which is expected to drive profitability for the Group with its relatively higher margin. Moving forward, we are poised for continued growth in FY2019 and will continue to tap on the endless opportunities in the growing polypropylene market to buttress our market leadership position in the petrochemical sector.”***

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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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