



**SINOSTAR PEC HOLDINGS LIMITED**

(Company Registration No.: 200609833N)

---

**RESPONSE TO SGX QUERY ON FINANCIAL STATEMENTS AND RELATED  
ANNOUNCEMENT FOR THE FIRST HALF AND SECOND QUARTER ENDED 30  
JUNE 2023**

---

The Board of Directors (the “Board”) of Sinostar Pec Limited (“Company” and together with its subsidiaries, the “Group”) refer to the further queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 August 2023, and wish to provide the following information in response to the Company’s Unaudited Financial Statement for The First half and Second Quarter Ended 30 June 2023:-

**SGX query**

1) Please disclose the reason for the significant increase in amounts owing to affiliated company from RMB13.5 million as at 31 December 2022 to RMB103.8 million as at 30 June 2023. Please disclose a breakdown of the transactions and provide details on the nature of transactions, the entities involved and whether the transactions have been disclosed as related and/or interested party transactions.

**Company’s Response;**

Reasons for the significant increase in amounts owing to affiliated company :

According to the Company’s IPT Mandate, raw material purchases during the month will be paid by the end of the month. If there is a down/advance payment, it will be offset at the end of the month.

However, as of June 30th, due to the system migration from the Yongyou accounting System to the SAP accounting system, the payment approval process was delayed. This resulted in the significant increase in the amount payable to the affiliated Company, from RMB 13.5 million as of December 31, 2022, to RMB 103.8 million as of June 30, 2023. Nevertheless, the outstanding amount was settled as of the current date.

2. The details breakdown of the transactions are as follows:

Corporate Trading Entities	Related party	Transaction amount	Nature of the transaction	Whether related party transactions have been disclosed
Dongming Hengchang Petrochemical Co., Ltd	Dongming Zhongyou Fuel & Petrochemical Co., Ltd	96,297,162	Purchase of LPG	Yes
	Shandong Dongming Petrochem Group Luban Construction Co., Ltd	40,000	Maintenance of parts and machineries	Yes
	Dongming Jie-Yuan Environmental Technology Co., Ltd	68,772	Sewage treatment	Yes
	Shandong Dongming Petrochem Group Co., Ltd	7,338,982	Purchase of Utilities	Yes
Dongming Qianhai Chemical Co., Ltd	Shandong Dongming Petrochem Group Luban Construction Co., Ltd	70,930	Maintenance of parts and machineries	Yes
total		103,815,846		

By order of the Board

Li Xiang Ping  
Executive Chairman and CEO