



## **SINOSTAR PEC HOLDINGS LIMITED**

(Company Registration No.: 200609833N)

---

### **RESPONSE TO SGX QUERY ON UNAUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The Board of Directors (the "Board") of Sinostar Pec Holdings Limited (the "Company", and together with its subsidiaries, the "Group") refers to the additional query raised by Singapore Exchange Securities Trading Limited ("SGX-ST") on 15 March 2021 in relation to the Company's clarification announcement dated 12 March 2021 in relation to the unaudited financial statements for the year ended 31 December 2020. The Company's responses to the query are as follows:

#### **SGX Query**

Answer to Query 3

SGX: Disclose the nature of these transactions, and factors for the significant increase:

- Accrual of salaries and related costs: RMB8,694,000
- VAT payables: RMB16,832,000
- Other governmental taxes payable: RMB2,734,000
- Amount owing to sundry creditors (i.e., utilities, maintenance, warranty monies etc): RMB44,707,000

#### **Company's Response**

- Accrual of salaries and related costs: RMB8,694,000

**Ans :** Mainly accrual of December 2020 salaries and year-end bonuses. Increases is due to additional 107 staff employed for the new polypropylene plant operation.

- VAT payables: RMB16,832,000

**Ans :** VAT payables increase is mainly from Dongming Qianhai amounted to approximately RMB 6.5 million. VAT payables represent the net impact arising from the input (i.e., purchase) and output (i.e., sale) taxes. The VAT payables are higher for FY2020 due to lower VAT payment settled during the current year couple with lower purchases cost as compared to FY 2019, resulted a higher net cumulative VAT payable.

- Other governmental taxes payable: RMB2,734,000

**Ans :** Other governmental taxes payables comprising taxes like income tax (企业所得税), city maintenance and construction tax (应交城市维护建设税\增值税附征城建税), stamp duties (印花税), withholding tax etc. Increase is mainly due to additional income tax and stamp duties assessed from the local government.

- Amount owing to sundry creditors (i.e., utilities, maintenance, warranty monies etc):  
RMB44,707,000

**Ans** : Bulk of the Increase is mainly from the warranty monies(质保金) received from list of external suppliers on the construction of new polypropylene plant that amounted to approximately RMB 31.4 million.

By Order of the Board

Tan Chee How  
Company Secretary