



SINOSTAR PEC HOLDINGS LIMITED

(Company Registration No.: 200609833N)

RESPONSE TO SGX QUERIES IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the “Board”) of Sinostar Pec Holdings Limited (“Company” and together with its subsidiaries, the “Group”) refers to the queries raised by the Singapore Exchange Securities Trading Limited on 22 April 2024 in respect of the Company’s Annual Report for the financial year ended 31 December 2023 (“AR 2023”) and would like to set out its responses to the queries as follow:-

We refer to the Company’s announcement dated 8 April 2024 in relation to the Annual Report 2023 of the Company.

Please provide information on the following in an announcement to be released via SGXNET by 24 April 2024. In your announcement, please disclose our question and your corresponding answer to enable investors to understand the matters raised by the Exchange.

SGX QUERY

1. We note that Zhao Jinqing, who was initially appointed as an Independent Non-Executive Director (ID) on 7 March 2015, had reached his 9th year on 7 March 2024. Please confirm if Zhao Jinqing will retire as the ID at the conclusion of the Company’s FY2023 Annual General Meeting or be re-designated as a Non-Executive Non-Independent Director, pursuant to Listing Rule 210(5)(d)(iv) that provides that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine years. Otherwise, to explain how the Company will comply with Listing Rule 210(5)(d)(iv).

Company Response

Mr Zhao Jinqing has been an Independent Non-Executive Director of the Company since 7 March 2015. As he will reach the 9-year tenure on 7 March 2024, pursuant to Listing Rule 210(5)(d)(iv), Zhao Jinqing will retire as an Independent Director at the conclusion of the Company’s FY2023 Annual General Meeting.

SGX QUERY

2. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

(i) If Zhao Jinqing will be retiring at the conclusion of the Company's FY2023 Annual General Meeting, please explain how does the Company comply with Provisions 2.2 of the Code for independent directors to make up a majority of the Board where the Company's Chairman is not independent; and Provision 10.2 that requires the Audit Committee ("AC") to comprise of at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent.

Company Response

Following the retirement of Mr Zhao jinqing, The Board comprises six (6) directors, which include one Executive Chairman, one Executive Director, one Non-Executive Director, and three Independent Non-Executive Directors. The Board is of the view that with the appointment of Lead Independent Director and establishment of the four Board committees, there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual. In assuming their roles and responsibilities, the Executive Chairman and Chief Executive Officer consult with The Board and the respective Committees on major issues.

Dr Chen Seow Phun, John is the Lead Independent Non-Executive Director. The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Our current Independent Director Mr Liu Xiaoyan will be appointed as audit committee member following the retirement of Mr Zhao jinqing. Which is in line with the Provision 10.2.

SGX QUERY

(ii) Please explain how the Company complies with Provision 9.2 of the Code that requires the Board to disclose in the company's annual report that it has received assurance from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances and also elaborate on the following:

(a) We note from Page 68 of the FY2023 AR that the assurance on the financial records were provided by the CEO and the Executive Director ("ED"). Please confirm if the ED refers to Mr Yan Tailing disclosed in page 14 of the FY2023 Annual Report; and

(b) We refer to the Company's Announcement on 12 June 2023 in relation to the Appointment of CFO Cum Deputy CEO and noted that Mr Yan Tailing was appointed as the CFO of the

Company. Please explain why his designation and area of responsibilities as the CFO is not similarly disclosed on Page 14 of the FY2023 Annual Report.

Company Response

(a) Executive Director “ED” refers to Mr Yan Tailing who is also the Group’s CFO. Page 68 of the Annual Report should read as “*This is in turn supported by assurance from the CEO and the ~~Executive Director~~ CFO that*”

(b) As announced on 12 June 2023, Mr Yan was appointed as the CFO of the Company, as stated on page 19 of the Annual Report. It was an inadvertent error that the CFO title was not updated on page 14 of the Annual Report.

SGX QUERY

3. Listing Rule 710A(2) states that an issuer must describe in its annual report its board diversity policy, including the following:

- (a) the issuer’s targets to achieve diversity on its board;
- (b) the issuer’s accompanying plans and timelines for achieving the targets;
- (c) the issuer’s progress towards achieving the targets within the timelines; and
- (d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

As the Company had not provided any specific targets, accompanying plans, timelines and progress, please elaborate further in relation to the Company’s Board Diversity Policy pursuant to Listing Rule 710A(2), please explain whether and how Listing Rule 710A(2) has been complied with.

Company Response

When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of its members, the NC will consider the various aspects of board diversity, and set practical timelines to implement the policy. It will also report to the Board on an annual basis on the progress made in promoting and achieving its board diversity objectives. The Board will, on a continuing basis, review the relevant aspects of diversity of its members to ensure they serve the needs and plans of the Company and the Group.

The Board has diverse management experience, with sufficient experience in finance, capital operations, legal affairs, and chemical industry management. While the Board does not comprise any female director at the moment, taking into account the nature and scope of the Group’s operations, our nominating committee (the “NC”) reviews the composition of the Board annually and believes that the current composition with appropriate mix of expertise and experience possesses the necessary competencies to provide the management with a diverse and objective perspective on issues so as to lead and govern effectively.

The Board consists of directors with ages ranging from late-30s to 70s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

In addition, the Board recognises the importance and value of gender diversity, and has set a target in its Board Diversity Policy to appoint at least one female director on the Board . As such, the objective identified by the NC for Board diversity is to appoint a new female director as and when suitable candidates are available.

The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity on the Board.

By order of the Board

Li Xiang Ping
Executive Chairman and CEO