



## SINOSTAR PEC HOLDINGS LIMITED

(Company Registration No.: 200609833N)

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### RESPONSE TO SGX QUERY ON FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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The Board of Directors (the "Board") of Sinostar Pec Holdings Limited ("Company" and together with its subsidiaries, the "Group") refer to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 22 April 2026, and wish to provide the following information in response to the Company's annual report for year ended 31 December 2025 (announced on 8 April 2026):-

#### SGX Query 1

We note that the Company's audited Statement of Comprehensive Income contained material adjustments from its unaudited version announced on 28 Feb 2026. This included material adjustments made to "administrative costs" and "other (losses)/gains". We further note that the Company had not made a separate SGXNet announcement on these material adjustments in accordance with Listing Rule 704(6). Please announce accordingly, and in the announcement please explain the adjustments.

#### Company's Response:

Reason for the difference in "administrative costs" and "other (losses)/gains" is due to the reclassification of an amount of RMB33,545,000 in unrecoverable loss due to machine overhaul. This is neither an operating expenses nor an administrative expenses. In 2025, during the machine overhaul period of the subsidiary corporation, Dongming Hengchang, there was no progress in the production. However, labour costs and utilities costs continued to be incurred as usual. As a result, these expenses incurred during the machine overhaul period were charged to "Unrecoverable loss due to machine overhaul" (note 25 in notes to the financial statements).

	Q4 2025 Announcement	2025 Annual report	Difference
Administrative expenses	(RMB82,346,000)	(RMB48,801,000)	RMB33,545,000
Other (losses)/gains	RMB437,000	RMB33,108,000	(RMB33,545,000)
Net effect to the profit for the financial year			RMB -

## **SGX Query 2**

We note that the Company's audited Statement of Cash Flows contained material adjustments from its unaudited version announced on 28 Feb 2026. This included material adjustments made to "cash generated from operations", "net cash provided by operating activities", "acquisition of additional interest in a subsidiary corporation" and "net cash used in investing activities". We further note that the Company had not made a separate SGXNet announcement on these material adjustments in accordance with Listing Rule 704(6). Please announce accordingly, and in the announcement please explain the adjustments.

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

Reason for the difference is due to reclassification of an amount of RMB286,799,000 from "Amount owing to related parties" from "Cash flows from operating activities" to "Acquisition of additional interest in a subsidiary corporation" from "Cash flows from investing activities". This amount of RMB286,799,000 is payable to Shandong Dongming Petrochem Group Co., Ltd., for the acquisition of the remaining 30% equity interest in Dongming Qianhai.

## **SGX Query 3**

The Company stated that "The Board considers its present size of 6 members and composition appropriate to facilitate effective decision making, taking into account the nature and scope of the Group's operations and the wide spectrum of skill and knowledge of the Directors". Please describe the skills and knowledge that the directors possess and clearly explain how this combination of skills, talents, experience and diversity of the directors serves the specific needs and plans of the Company, as required by Listing Rule 710A..

### **Company's 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