



## **SINOSTAR PEC HOLDINGS LIMITED**

(Company Registration No.: 200609833N)

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### **SINOSTAR PEC SHAREHOLDERS' QUESTIONS AND ANSWERS**

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The Board of Directors (the "Board") of Sinostar PEC Holdings Limited (SGX: C9Q) ("Sinostar PEC" or the "Group"), together with its subsidiaries, the "Group") wishes to thank shareholders for submitting their questions in advance of the Annual General Meeting ("AGM") to be held by electronic means on 30 April 2021 at 09.30 a.m.

The Company wishes to inform shareholders that it has received questions from shareholders which are overlapping and/or similar in nature. Accordingly, the Company has consolidated such questions and have made editorial amendments to some of the questions to ensure that they are clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions received by the Company. According, the following are responses to the substantial and relevant questions raised by shareholders:

- 1. On pg 7 of the annual report, it was stated that the logistics and transport related business experienced strong growth because of a change in delivery model with our strategic partner for FY2020. Is this change a temporary or permanent one?**

Ans : The current delivery arrangement with our strategic partner on its transportation requirement is permanent, unless there is future changes.

- 2. Can the company state the actual amount incurred for construction of its new polypropylene plant so as to better appreciate the amount of cost savings?**

Ans : Total construction completion approximately RMB 780 million as compare to announced cost RMB 1.2 billion.

- 3. What are the challenges/risks, if any, of operating China's first high quality polypropylene plant?**

Ans : The challenge is to expand the premier grade polypropylene markets into new industries as well as overseas markets.

**4. What is the interest rate charged for the bank borrowings of RMB 531,250,000,000?**

Ans : There are two bank loan, one was at 4.75% pa and balance RMB 31.25 million paid off in full in Q1/2021 and another RMB 500 million at 4.41% pa, loan incurred on construction of new polypropylene plant.

**5. The company produces 180,000 tonnes of propylene and processes 50,000 tonnes of polypropylene mainly sold to plastic manufacturers to produce plastic products. With the completion of the new polypropylene plant, can the company explain :**

**(i) how the 180,000 tonnes of propylene be allocated between the current 50k tonne polypropylene plant and the new 200k tonne polypropylene plant?**

Ans : Both are different production processor. 50K is old plant and output mainly sold to nylon and plastics manufacturer that produce packaging products whereas the new 200k tonne polypropylene output are premier grade that targeted at industries like medical equipment or automation manufacturers. Hence the 180k propylene output is mainly to fulfil the new 200K polypropylene plant.

**(ii) will the company be sourcing for addition propylene to fully utilise the remaining 70k spare capacity?**

Ans : Currently the new polypropylene has yet to reach it stable and optimal production scale, there sure be sourcing of any shortfall propylene for production if the market demand expanded.

**By Order of the Board**

Tan Chee How  
Company Secretary