



SINOSTAR PEC HOLDINGS LIMITED

(Company Registration No.: 200609833N)

RESPONSE TO SGX QUERIES AND REPLACEMENT FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FIRST HALF AND SECOND QUARTER ENDED 30 JUNE 2021

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 26 August 2021, 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 2021:-

SGX QUERY 1

Explain in detail why and how the Depreciation of property, plant and equipment in the Condensed Interim Consolidated Statement of Cash Flows was revised to RMB58,659,000 (instead of RMB100,127,000) for 1H2020.

Company’s Response :

Before reclassification the amount of Depreciation of property, plant and equipment and PPE was inadvertently added across from both 1Q20 and 2Q20 without the accounting adjustments mentioned in the revised statement note 21 when preparing the comparatives for 1H2020.

Details difference as shown below;-

1Q2020 depreciation	41,395,000		
2Q2020 depreciation	58,732,000		
Originally stated	100,127,000		
1H2020 comparatives :-	After reclassification	Before reclassification	Difference
	(RMB)	(RMB)	
<u>Details of depreciation extracted from each subsidiary as of 30 June 2020:-</u>			
Dongming Hengchang	5,856,000	47,324,000	(41,468,000)
Dongming Qianhai	49,205,000	49,205,000	
Dongming Changshun	3,598,000	3,598,000	
Revised Comparatives in 1H20	58,659,000	100,127,000	
	After reclassification	Before reclassification	
Acquisition of PPE	230,693,000	272,161,000	(41,468,000)

SGX QUERY 2

List and explain all other revisions made in the revised Second Quarter and/or Half Yearly Results.

Company's response:

Below are the changes to the revise announcement paper. Also see the attached that marked in yellow.

- a. Cashflow
change to depreciation and PPE numbers and revised the computation on
 - Operating profits before working capital changes from RMB 168,207 to RMB 126,739;
 - Cash generated from operations from RMB 276,254 to RMB 234,786;
 - Net cash generated from operating activities from RMB 223,623 to RMB 182,155;
 - Net cash used in investing activities from RMB 133,455 to RMB 91,987
- b. Note (5) Profit before taxation. Change the depreciation number and reclassified the Loss on disposal of property, plant and equipment to a new added line PPE written off;
- c. Note (7) Property, plant and equipment. Change the comparative PPE number to RMB 230,693,000).
- d. Insertion of note 21 to explain the change in comparatives information for 1H2020

By Order of the Board

Li Xiang Ping
Executive Chairman and CEO