

**SAN TEH LTD**

(Company Registration No. 197901039W)

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**RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")**

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In response to the queries raised by the SGX-ST on 18 March 2016 with regards to the Full Year Financial Statement Announcement for the period ended 31 December 2015 which was released on 26 February 2016, the Directors of San Teh Ltd (the "Company" and together with its subsidiaries, the "Group") would like to provide following additional information:

**SGX-ST's query 1:**

Noting that the income from build-and-transfer ("BT") project at Anxi of S\$3.332 million is significant as compared to loss before tax of S\$6.251 million, please provide more details on the project and the status of the project.

**The Company's response:**

The Group undertook the BT residential project at Anxi in 2012. During the construction period from 2012 to 2014, the contract sum was recognised as revenue based on the percentage of completion method. The project was completed in 2014. Subsequent to the completion, the Group will continue to receive interest income from the project based on the outstanding contract sum during the installment payment period. The income from BT project of S\$3.332 million represented mainly interest income of 2015 from the project based on the outstanding contract sum. The total contract sum is to be received over three years in six installments after the project completion. To date, two installments have fallen due and been received on schedule.

**SGX-ST's query 2:**

Please provide a breakdown of trade and other receivables of S\$26.774 million and elaborate on the underlying items contributing to other receivables. Please also provide the aging of the trade receivables.

**The Company's response:**

The breakdown of trade and other receivables is as follows:

|                                            |               |
|--------------------------------------------|---------------|
|                                            | \$'000        |
| Trade receivables                          | 22,713        |
| Less: Impairment loss on trade receivables | (639)         |
|                                            | <u>22,074</u> |
| Other receivables                          |               |
| Associate                                  | 1,165         |
| Non-related parties                        | 1,596         |
| Less: Impairment loss on other receivables | (1,503)       |
| Deposits                                   | 2,366         |
| Interest receivables                       | 627           |
| Prepayments                                | 449           |
|                                            | <u>26,774</u> |

Aging analysis of trade receivables:

|                             | \$'000             |
|-----------------------------|--------------------|
| Not past due                | 17,130             |
| Past due 1 - 30 days        | 311                |
| Past due 31 - 60 days       | 566                |
| Past due 61 - 90 days       | 313                |
| Past due 91 – 120 days      | 571                |
| Past due more than 120 days | 3,183              |
|                             | <hr/> 22,074 <hr/> |

**SGX-ST's query 3:**

Please provide an update on the status of the property under development of S\$34.751 million and provide more details on the take up rate of the property.

**The Company's response:**

Property under development of \$34.751 million is related to the property development project at Dali Heqing. The construction of the project is on hold pending the Court's decision over the legal actions between the Group and the main contractor on the performance of contract.

BY ORDER OF THE BOARD

Lim Wee Tziang  
Company Secretary

21 March 2016