SUNTAR ECO-CITY LIMITED
(Company Registration No. 200613997H)
(Incorporated in the Republic of Singapore)

CLARIFICATION ON THE ANNOUNCEMENT OF UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "**Board**") of Suntar Eco-City Limited (the "**Company**" or together with its subsidiary, the "**Group**") refers to the announcement made by the Company of its Unaudited Consolidated Results for the financial year ended 31 December 2015 ("**Results Announcement**") released to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 February 2016 (Announcement Reference: SG160229THRN5PD).

The Board wishes to provide the additional information in response to the SGX-ST's query as follows:-

SGX-ST's Query 1:

Please provide more details and the progress of the properties under development of RMB35.842 million.

Company's Response to SGX-ST's Query 1:

The details and progress of the properties under development are as follows:-

	RMB'000
Land use rights	13,400
Development costs	22,442
Total	**35,842**

The development of the residential project of Suntar Eco-city which comprises of 69 residential units and 10 commercial units is close to completion. The Management will monitor and opt for the appropriate timing to launch the sales of this residential project in FY2016.

SGX-ST's Query 2:

In paragraph 10 of the Announcement, the Company disclosed that "The Company has carried out the facilities and infrastructure implement to meet SFDA GMP standard. As expected, the new GMP license should be awarded in the coming months and the Company will produce pharmaceuticals instead of intermediate."

Please elaborate on what the term 'SFDA GMP' means and the impact on the Company's operations when the Company is now producing pharmaceuticals instead of intermediate.

Company's Response to SGX-ST's Query 2:

SFDA stands for State Food and Drug Adminstration (国家食品药品监督管理局). However, SFDA has changed its name to CFDA (China Food and Drug Adminstration 国家食品药品监督管理总局) recently.

GMP stands for Good Manufacturing Practices, which are the practices required in order to conform to the guidelines recommended by the agencies that control authorization and licensing for manufacture and

sale of food, drug products, and active pharmaceutical products. These guidelines provides the minimum requirements that a pharmaceutical or a food product manufacturer must meet to assure that the products are of high quality and not expose the consumers or public to any risks.

SFDA-GMP means GMP standard regulated by SFDA. In China, if a company was not awarded a SFDA-GMP license, it would not be allowed to sell pharmaceuticals even if the company is capable of producing pharmaceutical products. Instead, the company can sell its pharmaceutical products as intermediates only.

When Xi'an Reyphon Pharmaceutical Co., Ltd., a wholly-owned subsidiary of the Company ("**Xi'an Reyphon**") is awarded with a new SFDA-GMP license, Xi'an Reyphon would be able to sell its products as pharmaceuticals directly to consumers instead of being an intermediate. Barring unforeseen circumstances, Xi'an Reyphon's performance should improve.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

18 March 2016