

SAN TEH LTD

(Company Registration No. 197901039W)

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

In response to the query raised by the SGX-ST on 9 March 2018 with regards to the Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2017 which was released on 28 February 2018, 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:

The Company reported "Revenue" of \$18.5 million for FY 2017. However, "Trade and other receivables" amounted to a significant \$16.37 million. Please elaborate on the reason for the significant "Trade and other receivables" which amounted to 88.5% of "Revenue" for FY 2017. Has the Company been able to collect from its sales to customers? If not, please elaborate why.

The Company's response:

Trade and other receivables amounted to a significant \$16.37 million mainly due to most of the trade receivables of PVC pipes and fittings operation are from government projects that take longer time to collect. These government projects for supplying pipes and fittings require audit by the relevant authority to be conducted before outstanding amounts are approved for payment and such audit takes considerable amount of time to complete.

Based on past collection history, the trade receivables from the government projects can be collected in full despite the longer period taken to collect the debts.

BY ORDER OF THE BOARD

Lim Wee Tziang
Company Secretary

12 March 2018