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

CLARIFICATION ON THE ANNOUNCEMENT OF FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2019

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 Fourth Quarter and Twelve Months ended 31 December 2019 ("**Results Announcement**") released to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 February 2020 (Announcement Reference: SG200228OTHRTPQD).

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

Query 1:

On page 4 of the Company's FY2019 results, the Company disclosed Trade receivables amounting to RMB 5.142million. Revenue for FY2019 amounted to RMB 3.25million however Trade receivables amounted to RMB 5.142million, exceeding the Revenue for FY2019.

1. Please provide a breakdown of the trade receivables and explain the material items;
2. Please explain how much of the Revenue in FY2019 had been received and why the trade debtors have not paid;
3. Please explain why the provision for doubtful debt is not necessary. Please provide the basis; and
4. Please provide the aging schedule in bands of 3 months, specifying the upper band.

Company's Response to Query 1:

A breakdown of segmented revenue:-

	FY2019 RMB'000
Revenue from continuing operation - sale of property	3,250
Revenue from discontinued operation - sale of pharmaceutical ingredients products	23,595
	26,845

A breakdown of the trade receivables:-

	31 December 2019 RMB'000
Outside parties	1,594
Notes receivable	3,548
Total trade receivables	5,142

Aging schedule for the trade receivables as at 31 December 2019:-

	31 December 2019 RMB'000
Not past due and not impaired	3,575
Past due but not impaired:	
Less than 2 months	-
2 months to 6 months	770
6 months to 1 year	-
1 year to 2 years	797
Total trade receivables	5,142

The Group recorded revenue of RMB26.8 million in FY2019, of which RMB23 million had been received during the year.

The Group has not made provision for trade receivables based on the following consideration:

1) 70% of trade receivables was note receivables, which were issued by reputable PRC banks and subject to minimum credit risk.
2) Subsequent receipt after 31 December 2019 was RMB771,000 for the receivables with an age of over 1 year.
3) RMB770,000 receivables aged 2 to 6 months has been assigned to one of our creditors.

Query 2:

The Company also disclosed Other receivables and prepayments amounting to RMB 7.884 million. Please provide breakdown and explain the nature of the Other receivables and prepayments. Please also provide the aging schedule in bands of 3 months.

Company's Response to Query 2:

A breakdown of the other receivables:-

	31 December 2019 RMB'000
Prepayment	6
Advances to suppliers	24
Advances to staffs	558
Tax recoverable	706
Others	6,590
Total other receivables	7,884

Aging schedule for the other receivables as at 31 December 2019:-

	31 December 2019 RMB'000
Less than 2 months	6,445
2 months to 6 months	51
6 months to 1 year	1,388
1 year to 2 years	-
Total other receivables	7,884

Other receivables included an amount of RMB6.4 million being a refundable deposit with a third party, Beijing Property Exchange (北京产权交易有限公司) for the investment. The background information and the details of this potential investment are stated in the response to Query 3.

Query 3:

On page 11 of the Company's FY2019 results, the Company disclosed that "The Group has entered into discussions with North China Pharmaceutical Company (NCPC) regarding the prospects of a potential investment to manufacture and distribute health and nutrition products. NCPC is a well-established Pharmaceutical SOE based in Shijiazhuang, Hebei, that was the first pharmaceutical factory set up during China's First Five Year Plan. NCPC is interested in working with the Group to rebrand and expand its health and nutrition business line in China, South East Asia and beyond. Both parties have entered serious discussions and are aligned strategically. The Group has placed a refundable deposit with a third party, Beijing Property Exchange (**北京**产权交易有限公司) for the investment to move the process forward."

i. Please provide the background information and shareholders of NCPC;
ii. Please provide details of the potential investment and the consideration amount;
iii. Please disclose when the discussions and negotiations are expected to complete;
iv. Please explain why a deposit was placed when no agreement was signed;
v. Please provide the background information, the date of incorporation and its shareholders;
vi. Please explain why the deposit was placed with Beijing Property Exchange; and
vii. Please disclose its nature of business and how significant its asset base is.

Company's Response to Query 3:

Details on the discussions with NCPC will be released in a separate announcement shortly.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

7 March 2020