

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 17 August 2016 with regards to the Second Quarter Financial Statement Announcement for the period ended 30 June 2016 which was released on 12 August 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:

Please explain why "Trade and other receivables" of S\$24.0 million far exceeds the 2Q2016 revenue of S\$4.2 million. In your response, please disclose if there are any issues causing the failure to collect the debts outstanding. Please also provide a breakdown and aging schedule of the "Trade and other receivables". Please elaborate on the nature of transactions recorded under "other receivables" and provide details of the contracts relating to these, where applicable.

The Company's response:

Trade and other receivables of S\$24.0 million far exceeds the 2Q2016 revenue of S\$4.2 million mainly because of the trade receivables of S\$13.9 million from the Anxi build-and-transfer ("BT") project. The revenue from the BT project was recognized in the previous financial years based on the percentage of completion method during the construction period. The BT project was completed in 2014.

Except those impairment loss on trade and other receivables that have been recognized, the Group is not aware of any material issues causing the failure to collect the outstanding debts that require further credit provision in excess of the allowances for impairment.

The breakdown of trade and other receivables is as follows:

	S\$'000
Trade receivables from:	
BT project	13,883
PVC pipes and fitting operation	4,956
Shanghai Anting project	1,569
Others	37
	<u>20,445</u>
Less: Impairment loss on trade receivables	<u>(595)</u>
	19,850
Other receivables	
Associate	1,109
Non-related parties	1,306
Less: Impairment loss on other receivables	(1,327)
Deposits paid	2,271
Interest receivables	500
Prepayments	287
	<u>23,996</u>

Aging analysis of trade and other receivables:

	S\$'000
Not past due	19,600
Past due 1 - 30 days	554
Past due 31 - 60 days	258
Past due 61 - 90 days	11
Past due 91 – 120 days	280
Past due more than 120 days	<u>3,293</u>
	<u>23,996</u>

BY ORDER OF THE BOARD

Lim Wee Tziang
Company Secretary

18 August 2016