

SAN TEH LTD

(Company Registration No. 197901039W)

UPDATE ON LEGAL PROCEEDINGS IN DALI

The Board of Directors of San Teh Ltd (the “Company”, and together with its subsidiaries, the “Group”) refers to the announcements released on 23 February 2015, 22 April 2016 and 16 December 2016, and wishes to announce that the Dali Bai Autonomous Prefecture Intermediate People’s Court of Yunnan Province (云南省大理白族自治州中级人民法院) (the “Court”) has delivered its judgement after the retrial on the legal action between Dali San Teh Xing Real Estate Co., Ltd (“DLSTX”), a subsidiary of the Group, and its main contractor (the “Plaintiff”).

The Court ruled that: (i) the construction contract is null; (ii) DLSTX to pay approximately RMB11.3 million (approximately S\$2.3 million) to the Plaintiff for the return of security deposit of RMB8 million (approximately S\$1.6 million) and compensation for work stoppage damages of approximately RMB4.4 million (approximately S\$0.9 million) offset by progress payment overbilled by the Plaintiff of approximately RMB1.1 million (approximately S\$0.2 million); (iii) DLSTX to pay interest on the security deposit of RMB8 million (approximately S\$1.6 million) calculated based on the People’s Bank of China borrowing rate for the period from 11 September 2014 up to the payment date; and (iv) Plaintiff to return the construction site to DLSTX.

The above judgement is expected to have a negative impact of approximately RMB4.7 million (approximately S\$0.9 million) on the Group’s income statement for the second quarter of the financial year ended 31 December 2018 arising from the provision for litigation.

DLSTX will appeal against the above ruling as the Court did not adjudicate on the compensation by Plaintiff to DLSTX for work quality issues, although it is stated in the judgement that there are such issues.

The Company will keep the shareholders informed of the progress of the matter and make such further announcements as and when appropriate.

BY ORDER OF THE BOARD

Lim Wee Tziang
Company Secretary

30 May 2018