

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

CLARIFICATION ON THE ANNOUNCEMENT OF THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

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 Third Quarter and Nine Months ended 30 September 2016 (“**Results Announcement**”) released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 11 November 2016 (Announcement Reference: SG161111OTHR2RQ6).

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

SGX-ST’s Query:

Revenue for the quarter amounted to RMB4.56 million, while “Other receivables and prepayments” amounted to RMB3.80 million. Please provide a breakdown of the “Other receivables and prepayments” and disclose the nature of the underlying transactions. Please explain why “Other receivables and prepayments” increased significantly relative to 3Q2016 revenue.

Company’s Response to SGX-ST’s Query:

The main components of “Other receivables and prepayments” were (i) prepayment for landscape for the residential project in Lan County and (ii) advances to suppliers for raw materials of pharmaceutical ingredient product.

A breakdown of “Other receivables and prepayments” is as follows:-

	30/09/2016	31/12/2015
	RMB’000	RMB’000
Prepayment for landscape	1,551	16
Advances to suppliers	1,129	1,447
Advances to staffs	407	346
Value added tax recoverable	68	586
Others	642	350
Total	S\$3,797	S\$2,745

The increase in “Other receivables and prepayments” related primarily to the prepayment for landscape for the residential project in Lan County, which the Group is only able to recognize the sales revenue upon completion of the said residential project.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

2 December 2016