

**SUNTAR ECO-CITY LIMITED**

(Company Registration No. 200613997H)

(Incorporated in the Republic of Singapore)

**CLARIFICATION ON DISCREPANCIES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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 unaudited full year results for the financial year ended 31 December 2018 released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 1 March 2019 (Announcement Reference: SG190301OTHRVVMZ).

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the Board wishes to clarify the discrepancies between the unaudited full year results and the audited financial statements for financial year ended 31 December 2018 of the Company as below: -

**Consolidated Statement of Profit and Loss and other Comprehensive Income**

<b>Item</b>	<b>Previously Announced (RMB'000)</b>	<b>Audited (RMB'000)</b>	<b>Variance (RMB'000)</b>	<b>Explanation</b>
Administrative expenses	10,947	10,822	125	Reclassification of administrative expenses to other operating expenses in the amount of RMB125,000.
Other operating expenses	2,985	3,987	(1,002)	Reclassification of administrative expenses to other operating expenses in the amount of RMB125,000. Expenses relating to a further RMB713,000 allowance for inventories made in the audited financial statements. Expenses relating to an impairment of intangible assets in audited financial statements.

**Consolidated Statement of Financial Position**

<b>Item</b>	<b>Previously Announced (RMB'000)</b>	<b>Audited (RMB'000)</b>	<b>Variance (RMB'000)</b>	<b>Explanation</b>
Inventories	20,921	20,208	713	Revised estimated selling prices of finished goods so further allowance for inventories have been made.
Intangible assets	164	0	164	Fully impaired the remaining carrying value of the intangible asset as this asset related to the Group's pharmaceutical ingredients products segment where management has taken steps to shut down its manufacturing activities.
Accumulated losses	73,842	74,719	(877)	Reflection of the impairment made to inventory and intangible assets on the liabilities.

<b>Item</b>	<b>Previously Announced (RMB'000)</b>	<b>Audited (RMB'000)</b>	<b>Variance (RMB'000)</b>	<b>Explanation</b>
Trade payables	34,033	20,905	13,128	Reclassification of trade payables to other payables to the amount of RMB13.1 million due to expected refunds of advance payments received from customers.
Other payables	13,158	26,286	(13,128)	Reclassification of trade payables to other payables to the amount of RMB13.1 million.

**Consolidated Statement of Cash flows**

<b>Item</b>	<b>Previously Announced (RMB'000)</b>	<b>Audited (RMB'000)</b>	<b>Variance (RMB'000)</b>	<b>Explanation</b>
Net cash from operating activities	7,897	8,134	(237)	Net change of RMB237,000 related to the reclassification of foreign exchange related movements from receipt of advances from a director.
Receipt of advances from a director, representing net cash flow from financing activity	1,808	1,571	237	Net change of RMB237,000 related to the reclassification of foreign exchange related movements from receipt of advances from a director.

**BY ORDER OF THE BOARD**

**Dr Lan Weiguang**  
**Non-Independent Non-Executive Chairman**

14 April 2019