

SAN TEH LTD

(Company Registration No. 197901039W)

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

In response to the queries raised by the SGX-ST on 28 November 2017 with regards to the Third Quarter Financial Statement Announcement for the period ended 30 September 2017 which was released on 14 November 2017, 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 1:

On page 5 of the 3Q2017 Results, the Company disclosed "trade and other receivables" amounting to S\$14.40 million. which. Please:

- a. explain why "trade and other receivables" exceeds revenue for the 9 months ended 30 September 2017 of S\$13.38 million; and
- b. provide a breakdown and aging analysis of the "trade and other receivables".

The Company's response:

- a. The amount of trade and other receivables exceeds revenue for the 9 months ended 30 September 2017 of S\$13.38 million mainly due to most of the trade receivables of PVC pipes and fittings operation are from government projects that take longer time to collect. These government projects for supplying pipes and fittings require audit by the relevant authority to be conducted before outstanding amounts are approved for payment and such audit takes considerable amount of time to complete.
- b. The breakdown of trade and other receivables is as follows:

	S\$'000
Trade receivables from:	
PVC pipes and fitting operation	9,210
Shanghai Anting project	1,752
Others	171
	<u>11,133</u>
Less: Impairment loss on trade receivables	<u>(671)</u>
	10,462
Other receivables	
Associate	1,176
Non-related parties	1,223
Less: Impairment loss on other receivables	(1,349)
Deposits paid	2,121
Interest receivables	159
Prepayments	612
	<u>14,404</u>

Aging analysis of trade and other receivables:

	S\$'000
Not past due	3,620
Past due 1 - 30 days	1,989
Past due 31 - 60 days	1,260
Past due 61 - 90 days	1,372
Past due 91 - 120 days	1,188
Past due more than 120 days	4,975
	<u>14,404</u>

SGX-ST's query 2:

"Investment securities" had increased to S\$20.83 million, "due to the purchase of principal protected financial instruments, unit trusts and equities". Noting that such "investment securities" exceeds 10% of the issuer's latest audited consolidated net tangible assets, please confirm whether and how the Company has complied with Listing Rule 704(17) in relation to the acquisitions of the various investments.

The Company's response:

The Company confirms that it has complied with Listing Rule 704(17) as the bulk of its investment securities does not fall under the definition of investment for the purpose of Listing Rule 704(17).

BY ORDER OF THE BOARD

Lim Wee Tziang
Company Secretary

30 November 2017