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

FURTHER CLARIFICATION ON THE ANNOUNCEMENT OF FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2019

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 Fourth Quarter and Twelve Months ended 31 December 2019 ("**Results Announcement**") released to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 February 2020 (Announcement Reference: SG200228OTHRTPQD) and the clarification announcements of Fourth Quarter and Twelve Months ended 31 December 2019 released to the SGX-ST on 7 March 2020 (Announcement Reference: SG200307OTHRIWMC) and 8 March 2020 (Announcement Reference: SG200308OTHRYIWJ).

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

Query 1:

On 7 March 2020 in response to SGX queries, the Company disclosed a breakdown of its trade receivables with Notes receivable amounting to RMB3.548 million. Please provide details of these Notes Receivable. Please disclose who issued the Notes receivable and its credit standing details or financial position. Please explain why the Notes receivables are not paid and disclose when the due date is.

Company's Response to Query 1:

Notes receivables are usually used as an instrument that provides an alternative form of liquidity. The Company received the notes receivables as a form of credit guarantee for the amounts due from customers. After receiving the notes from customers, the Company endorses the notes to suppliers to clear the outstanding payables or submit to the bank for clearance when notes reach the maturity date.

The details of Note Receivables:-

Issuing bank	Amount (RMB'000)	Maturity date
Bank of Jinzhou	294	Jan-2020
	100	June-2020
Qilu Bank	88	Jan-2020
Bank of Pingdingshan	200	Jan-2020
Bank Of Xingtai Co.,Ltd	461	Jan-2020
China Zheshang Bank Co., Ltd	35	Jan-2020
Bank of Zhengzhou	200	Jan-2020
Industrial Bank Co.,Ltd	84	Feb-2020
Huishang Bank	80	Feb-2020
Sichuan Tianfu Bank	312	Mar-2020
Bank Of Huludao Co., Ltd.	200	Mar-2020
Bank of Communications	1,480	Mar-2020
	15	Apr-2020
	3,548	

Query 2:

The Company also disclosed a breakdown of the other receivables, with "Others" amounting to RMB 6.59 million. Please provide a breakdown of the amount and explain the material items.

Company's Response to Query 2:

A breakdown of others of other receivables:-

	31-Dec-2019 RMB'000	Explanation
Deposit for investment	6,399	30% refundable deposit with Beijing Property Exchange (北京产权交易有限公司) for investment in Huawei (华北制药河北华维健康产业有限公司)
Miscellaneous	191	
Other receivables- Others	6,590	

Query 3:

On 8 March 2020, the Company disclosed details of a potential investment to manufacture and distribute health and nutrition products stating that "The potential investment will be part of a capital injection into Huawei (华制药河北华维健康产业有限公司), currently a wholly owned subsidiary of NCPC focusing on health and nutrition products. Xian Reyphon proposes to inject a total of RMB21.3 million." Please disclose:

i. How much is the SOE Jizhong Energy injecting.
ii. What percentage of the JV will the Company have; and
iii. What is the profit-sharing proportion and capital/loans under the JV agreement by each of the JV partners.

Company's Response to Query 3:

i. As negotiations with NCPC is ongoing, and because the final agreement is subject to approval by the State-owned Assets Supervision and Administration Commission (SASAC) of the Hebei government, there is no final number on the capital injection by involved parties. As such we are unable to disclose the final injection amount.

ii. The percentage ownership of the JV will correspond directly to the relative amount invested by various parties. As the total injection amount from the JV partners is not finalized, therefore there is no corresponding percentage ownership that can be disclosed.

iii. Since negotiations are ongoing and subject to approval by SASAC of the Hebei government, the specific proportion has not been finalized. However, we expect the profit sharing proportion to correspond to the final percentage ownership.

Query 4:

Please provide details of the Beijing Property Exchange. Please disclose: -

i. Who owns and operates the Beijing Property Exchange.
ii. how many companies are listed.
iii. its website and what are the requirements for listing.
iv. how much deposit was paid to Beijing Property Exchange.
v. how much of the deposit is contributed by the Company and the JV partners.
vi. Please provide the specific listing rule requirement for a 30% deposit and provide a link to the website for the listing rule requirement.

Company's Response to Query 4:

i. The Beijing Government has a majority stake in China Beijing Equity Exchange (CBEX), which it holds through Beijing State-owned Asset Management Co., Ltd. CBEX operates itself as an SOE through its operating entity 北京产权交易有限公司.

ii. As CBEX works as an OTC exchange for state owned assets, companies and projects are not permanently listed on CBEX, as such, we do not believe the number of companies listed at any point of time properly reflects the size of CBEX.

According to disclosed information from CBEX's website, CBEX has achieved a total annual transaction value of over 5 trillion RMB since 2015. In 2019, its annual trading volume increased to 8 trillion RMB.

iii. CBEX's official website is http://www.cbex.com.cn/

CBEX is a state-owned exchange that primarily serves state-owned enterprises and assets. Rules and regulations relating to capital injections are disclosed on their website in the following link:

http://www.cbex.com.cn/gz/jygz/qyzz/gy/201511/t20151126_3699.html

iv. As disclosed in Pg 10 of our full year announcement, a refundable deposit of RMB6.4 million was made by the Company to CBEX.

v. A refundable deposit of RMB6.4 million was made by the company to CBEX. Deposit contributed by other JV partners is not disclosed by CBEX.

vi. The 30% deposit is not a listing rule requirement applying to all listings on CBEX. Rather, it is a requirement put forth by NCPC specific to this particular capital injection such that they would not have to entertain entering into negotiations with non-serious partners.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

19 March 2020